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"BUSINESS MODEL INNOVATION IN SMALL AND MEDIUM-SIZED ENTERPRISES: A STRATEGIC SHIFT TOWARDS SUSTAINABILITY-CENTRIC BUSINESS MODELS FOR LONG-TERM GROWTH AND COMPETITIVE ADVANTAGE."

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Abstract

This thesis introduces a new approach for business model innovation at the Rieckermann Group, focusing on strategic transformation and sustainability innovation. It explores how small and medium-sized enterprises (SMEs), often limited by traditional models, can adopt more radical, sustainable business model innovation for competitive sustainability. Through an in-depth literature review, interviews with Rieckermann's management, and expert insights, it identifies practical challenges, key innovation drivers, and success factors. The research offers SMEs, particularly family-owned ones, a tailored framework to navigate market shifts, emphasizing sustainability, build an innovation culture, and adapt to new business models.

Keywords:

Business Model Innovation | Sustainability in SMEs | Strategic Transformation | Family-Owned Leadership | Radical Innovation | Cultural Change

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Chapter 1: Introduction

Background

The ability to innovate and adapt is essential for any company's survival and growth (Hernández & Flores Rodríguez 2018). This is especially true for small and medium-sized enterprises (SMEs) who, must change and adapt, as soon as competition intensifies, to stay ahead of the game, which often means adapting and overhauling their business models, organizational structures, and product offerings. Hence, innovation is complex and requires strong leadership and thorough assessment to avoid potential damage to the firm (Karaoulanis 2018). SMEs face particular challenges in innovation, including high risks and the need for constant progress, demanding the right personnel and a flexible culture (Hanifah et al. 2019). Smaller enterprises have to take significant risks to

maintain competitiveness against larger companies. They must commit substantial financial capital to innovation projects, risking significant amounts of their resources in case the innovation does not succeed (Vasilescu 2014). Family-owned SMEs, such as the Rieckermann Group, a German industrial trading company, face even more severe challenges. These include adapting business models and strategies influenced by their family legacy, which can impede decision-making and creativity and hold innovation back.

Research Problem

This study aims to investigate how the Rieckermann Group, a company with limited experience in the sustainability sector, can strategically integrate sustainable practices into their business model to achieve sustainable growth. The organization aims to foster innovation and integrate its operational business model with sustainable innovations to sustain competitive threats and secure long-term survival. However, sustainable innovation and general business model innovation (BMI) are multifaceted and require careful consideration and strategic decision-making. For Rieckermann this means substantial and radical modifications to its organizational structure, corporate culture, and fields of expertise.

Research Question

"To what extent can a family-owned SMEs, such as Rieckermann, strategically incorporate sustainable business model innovation for enduring success?"

Objectives of the Study

The purpose of this research is to examine the strategic innovation management of the Rieckermann Group to integrate innovative and sustainable practices into its business model for sustained success. Through a comprehensive review of the existing academic literature and in-depth

interviews, this study aims to offer significant contributions by shedding light on the complexities and potential advantages inherent in BMI for SMEs. Valuable insights are deducted from relevant interviews within the company and from experts to enhance the overall understanding of the subject matter. The study's results provide valuable information and a framework for the Rieckermann Group, enabling them to navigate the challenges and seize the opportunities associated with integrating sustainable innovation principles into their business model.

Chapter 2: Literature Review

SME Challenges and Opportunities

SMEs encounter a myriad of challenges in the current global business landscape. Guo et al. (2016) highlight the critical challenge of not only recognizing but also capitalizing on opportunities, which necessitates innovation and superior performance. The intensification of competition due to globalization leads to heightened failure rates among new SMEs, calling for the development of robust survival strategies and strategic agility to manage global pressures (Gamage et al. 2020). In addition, navigating turbulent markets requires SMEs to possess both managerial competence and financial literacy (Anwar et al. 2020). The internationalization process further complicates matters for SMEs by presenting significant hurdles in scaling operations (Altnaa & Neszmeilyi 2021). Family-owned SMEs (FSMEs) face the additional challenge of adapting to market shifts and restructuring their often-rigid business models and leadership strategies (Motwani et al. 2006; Birnbaum et al. 2005). The 'Innovator's Dilemma' is especially relevant here, as it underscores the risks that innovation poses to established firms with relatively inflexible organizational structures (Birnbaum et al. 2005; O'Reilly et al. 2008). This dilemma is exacerbated by the typically risk-averse leadership style and traditional management of FSMEs, which often lack the motivation for change or innovation (Frank et al. 2019; Hiebl 2013). Despite these challenges, SMEs, including FSMEs, can leverage their inherent cultural experiences and agility in decision-making as

alternatives to circumvent financial and human capital limitations (Jorge et al. 2017). The adaptability of SMEs, their flexible decision-making and work culture, and the strategic innovation they employ are pivotal in adjusting to unpredictable markets and crises (Segaro et al. 2014; Witell & Lofgren 2013). For FSMEs, the continuous refinement of their business models is essential to maintain competitiveness (Ijntema et al. 2022). In light of these challenges, SMEs, and particularly FSMEs, must embrace the capacity to adjust to dynamic market conditions and to evolve within changing corporate frameworks. Addressing challenges such as the Innovator's Dilemma, embracing globalization, fostering adaptability and flexibility, and rapidly innovating business models are the keys to thriving in a competitive business environment and securing growth within their respective industries (Ijntema et al. 2022; Hiebl 2013).

Business Model Innovation and Sustainability

Definition and Importance

BMI is an approach that involves rethinking the fundamental elements of a business model in order to secure long-term success and a sustainable competitive advantage (Bucherer et al. 2012). This process emphasizes examining and reorganizing how businesses generate, allocate, and retain value (Euchner & Ganguly 2014). It entails much more than just innovation in products or services; instead, it refers to a fundamental change in the business ecosystem as a whole, encompassing partnerships, income flows, customer segments, distribution channels, and cost structures (Anwar 2018; Tavassoli & Bengtsson 2018; Bucherer et al. 2012). It is essential to help an organization expand, adjust to shifting market conditions, and boost corporate sustainability over the long run. By introducing innovative business models, creating fresh viewpoints on the market, and effectively responding to disruptive technologies and shifts in the market, organizations can differentiate themselves from the competition (Birnbaum et al. 2005; Anwar, M. 2018). Moreover, innovative ideas alone have the potential to improve organizational sustainability significantly and

are essential for allowing BMI. Overall, by exploiting innovative methods, technologies, and procedures, implementing those concepts boosts the production process and raises the company's productivity, culture, quality, and efficiency. These methods lead to new goods, services, or production technologies easier suited to consumers' shifting demands and preferences (Wongwilai et al. 2022). Additionally, sustainability is becoming critical in BMI, particularly for SMEs operating in environmentally sensitive sectors (Evans et al. 2017; Franceschelli et al. 2018). The focus on sustainability serves as a strategic tool, offering a competitive advantage and bolstering overall performance and long-term market positioning (Mattera et al. 2021). Bocken et al. (2019) highlight the importance of purposeful design and consideration of system boundaries in achieving true sustainability within business models, recognizing the interconnectedness of various business models and their collective environmental impacts. Correspondingly, Klein et al. (2021) contend that sustainability is decisive in guiding and exploiting business development. Supporting this view, Nosratabadi et al. (2019) and Dias et al. (2022) suggest that sustainability is crucial for achieving a successful transition and enduring success in today's market. Despite the recognized importance of sustainable business models, Mignon & Bankel (2022) observe that there is no one-size-fits-all solution, and companies often need help identifying and applying sustainable business models that meet their specific needs and market demands. It underscores the necessity of a customized approach to sustainable BMI. Aligning with that perspective, Boons and Lüdeke-Freund (2013) argue that for a business to integrate sustainability into its model effectively, it must harmonize its value proposition, value chain structure, and financial model, taking into account its unique sustainability goals and environmental context. Lastly, research typically categorizes BMI into radical and incremental innovation. Radical BMI embodies profound changes, implementing novel methods or technologies that could disrupt markets, necessitating a comprehensive business model redesign to gain competitive advantages (Lindgren 2018; McDermott & O'Connor 2002;

Souto 2015). This form entails significant risk due to its norm-challenging nature (McDermott & O'Connor 2002). Conversely, incremental BMI involves minor, systematic enhancements to refine and optimize the existing model, enhancing efficiency, customer satisfaction, and value creation, with less disruption and steady progress (Ritala & Sainio 2013; McDermott & O'Connor 2002; Souto 2015). Both radical and incremental BMI are crucial for maintaining competitiveness and long-term success. The choice between them hinges on the company's specific industry context, strategic direction, and capabilities (Ritala & Sainio 2013).

Business Model Innovation Challenges for SMEs

Recent research reveal that SMEs encounter substantial challenges in implementing BMI, primarily due to financial and expertise constraints (Albats et al. 2021). The most prominent barrier is limited access to capital, which is crucial for funding innovation and keeping up with rapid technological changes (Gorodnichenko & Schnitzer 2013). This lack of financial resources is particularly impactful in research and development, hindering SMEs more than in regular investments (Belás et al. 2017; Woschke et al. 2017; Song et al. 2021). Additionally, SMEs often lack specific skills essential for innovation, such as advanced data analysis and technical knowledge (Leiponen 2005). This skill gap complicates their ability to effectively develop and implement new business strategies. Further complicating matters, smaller firms are more vulnerable to setbacks in new business models due to their limited financial buffers, increasing their risk exposure and making recovery from failures challenging (Woschke et al. 2017). Another hurdle for SMEs is navigating complex regulations associated with business model changes. With constrained resources, understanding and complying with these regulations becomes a significant challenge, adding to the difficulties in adopting innovative approaches (Woschke et al. 2017). Industry-specific attitudes towards change also play a role. Sletten et al. (2023) note that while manufacturing companies may show less inclination to change due to higher profitability, supplier

companies, facing limited profitability, are often more open to innovation. Moreover, integrating sustainable innovations into new business models is crucial to addressing many of the challenges. It strategically helps managing resource and skill limitations, ensuring SMEs' resilience and long-term viability. Sustainable development is not merely a response to external pressures but a proactive approach to redefining corporate success regarding economic stability and environmental responsibility (Islam & Wahab 2021; Bocken et al. 2019).

Theoretical Frameworks BMI

Two frameworks are specifically chosen for deeper analysis for their unique yet interlocking perspectives on BMI for SMEs. Bivona & Cruz (2021) offer a tactical model for resource allocation during change in crises, emphasizing the need for swift, innovative actions that help SMEs navigate uncertainties and maintain agility. This framework gains particular significance in light of recent global challenges that have tested the resilience of SMEs. Lüdeke-Freund's BMfSI framework (2019) provides a strategic blueprint for sustainability in business, which is becoming a non-negotiable aspect of contemporary business operations. It guides SMEs in creating sustainable offerings and rethinking value creation, crucial for long-term survival in a market increasingly driven by environmental and social concerns. Merging these frameworks within the research reflects a comprehensive approach, combining immediate crisis management with strategic sustainability planning. Therefore, this research aims to provide a well-rounded, actionable insight by analyzing the synergy of these two frameworks, setting the stage for a robust and future-oriented framework that tackles both current crises and sustainability challenges SMEs face.

Framework 1: BMI + Resource allocation in crises

Bivona & Cruz (2021) propose a framework to help SMEs adapt their business models amidst crises, comprising three processes and three resource types to navigate uncertainty ([See Figure 1.1](#)). The first process encourages quick action by utilizing readily available internal resources,

underscoring the need for flexibility and agility to tackle immediate crises. The second process involves leveraging existing unique resources to address immediate market needs and longer-term opportunities, focusing on innovation and creative recombination of these resources for added value. The third process suggests drawing on external resources through SME networks to facilitate significant business model changes, highlighting the importance of networking and collaboration. The framework emphasizes the dynamic nature of crises, advocating for SMEs' proactive and adaptable approach, utilizing internal and external resources to overcome challenges and seize new opportunities. It also indicates that the decision-making regarding these processes should be contingent on the urgency for change, the crisis's impact, and the desired magnitude of change (Bivona & Cruz 2021).

Framework 2: BMfSI

Lüdeke-Freund (2019) offers a framework, the Business Model for Sustainability Innovation (BMfSI), which serves as a bridge connecting sustainability innovations with viable business cases ([See Figure 1.2](#)). This framework integrates elements of sustainable business model literature to address innovation holistically. It starts with Sustainability Innovation, which encompasses creating and implementing new, sustainability-supportive products, services, and processes, tackling environmental and societal issues. The next element, Business Model (Mediator), entails devising fresh approaches to value creation, delivery, and capture, which may involve redefining value propositions and adjusting client segmentation, revenue streams, and cost structures to align with sustainability objectives. The final component addresses sustainable business models' economic feasibility and value generation, assessing financial, social, and environmental impacts and stakeholder value. The BMfSI framework establishes a "mediating space" for entrepreneurs' decision-making and actions to harmonize their business practices with sustainability innovations and environmental concerns. It considers the choices and activities necessary for sustainable

business owners to adjust their models in light of sustainability progress and environmental challenges, including risks, obstacles, and the influence of sociotechnical stakeholders.

Chapter 3: Methodology

Research Design

This research employs a case study of the Rieckermann Group to explore contextual differences, complemented by qualitative interviews to capture the human perspective and gain a deeper understanding, as suggested by Lapan et al. (2011). Open-ended questions provided additional insight (Kvale & Brinkmann 2009) ([See Figure 3.1 + 3.2](#)). The study's design involved interviews with Rieckermann's management and external BMI experts, which were crucial for examining the viability of replication and the consistency of the research topic ([See Figure 2.5](#)). A non-probability sampling method was chosen to ensure relevance and mitigate selection bias by including a diverse participant pool, from unit managers to the director (Setia 2016). In-depth discussions with internal stakeholders and external specialists yielded comprehensive insights into the company's business model, highlighting challenges and opportunities in sustainability integration, thereby enriching the research ([See Figure 4](#)).

Data Collection

The research methodology incorporated semi-structured interviews as a primary tool for data collection. This approach was selected to balance the structured nature of closed questionnaires and the casual tone of everyday conversations, as delineated by Kvale and Brinkmann (2009). Due to digital communication technologies, each interview was allocated approximately 30 minutes. This duration was found to be sufficient to not only pose the pre-established set of questions but also to invite extensive, insightful responses and to facilitate further probing into particular areas of interest when necessary. In crafting the interview guide, a conscious decision was made to employ open-ended questions predominantly, which are known to foster the emergence of more

impartial information. The discussions revolved around central themes such as BMI, the Role of Sustainability, the Adaptability of SMEs, and the Prospective Developments at Rieckermann, as detailed in [Figure 2.6](#). Throughout the interview process, an emphasis was placed on active listening, ensuring the articulation of questions was both lucid and straightforward for the interviewees.

Data Analysis

The data analysis for this study was underpinned by a directed approach (framework analysis) paired with a deductive methodology (Hsieh & Shannon 2005; Kyngäs & Kaakinen 2019) ([See Figure 2.1](#)). This analytical process entailed systematically coding the interview transcripts, clustering these codes into themes derived from the theoretical frameworks, and finally interpreting the data in alignment with the research objectives (Auerbach & Silverstein, 2003; Polkinghorne, 2005). Deductive coding was employed to discern underlying assumptions that align with specific theoretical models while embracing new insights into BMI within SMEs. This approach proceeded from the particular to the universal, applying specific variables to support the data collection process, aiming to verify or challenge preconceived theoretical stances. Ultimately, this method either corroborated or questioned the prevailing theoretical constructs, thus affirming the validity of the empirical research approach ([See Figure 2.1-2.3](#)).

Ethical Considerations

The interviews started with an explanation of the purpose of the study and offered to ask understanding questions. It was reconfirmed that the interviewees' participation was voluntary. It was made clear that the identity would only be used in this research and ensured that the participants were allowed to answer company- or industry related questions (Maruster & Gijzenberg, 2013). A confidentiality agreement was signed before the data collection as correct ethical and moral behavior has been crucial in this research.

Chapter 4: Rieckermann Group Case Study: Status Quo

Company Overview

Rieckermann was founded in 1892 and became quickly a primary industrial processing and production trading player. With over 750 employees and a broad range of services covering all aspects of an industrial value chain, the company is present at numerous international locations around Asia and Europe. The company started by selling single machines and developed from a trading company to a solution provider that provides clients with complete production lines and tailor-made solutions. Nowadays, the company offers various services such as project management, engineering, consulting, and machine trading. This approach has contributed to the company's reputation as a reliable partner in the industry. Their organizational structure is built upon three steps of hierarchy. The business unit managers take care of the operational management of their areas/countries, the board in Hamburg delegates these business units and decides on budgets and new directions, and the family owners decide on the long-run decisions and are in charge of strategy and long-term success.

Rieckermann's Business Model

Rieckermann presents itself as a versatile B2B platform that provides a comprehensive range of services for suppliers and customers. The company acts as an essential intermediary between European machinery manufacturers and the markets by facilitating the trade in machinery while offering technical after-sales support. This role enables to offer cross-industry, tailor-made solutions from planning to implementation. The focus allows the company to maintain close and sustainable relationships with suppliers and clients. An essential aspect of Rieckermann's business strategy is linking technology suppliers from the DACH with the markets in Asia and the Middle East. Through these strategic networking/partnerships, Rieckermann can offer solutions specifically tailored to the needs and requirements of the regional markets. This strategy and the

operational model position Rieckermann as a dynamic and resilient industry leader, dedicated to meeting quality demands and adding value for its global customers ([See Figure 2.7](#)).

[Rieckermann's Business Model Evolution: An Incremental Transformation](#)

Over the years, Rieckermann's strategic pivot from a product-centric intermediary to an integrated solutions provider has aligned with changing market demands and a commitment to customer value. The transformation involved replacing country-focused sales strategies with an industry-oriented approach, offering equipment, complete processing solutions, and managing intricate projects. With the introduction of new divisions like JR New Horizons, Rieckermann Trade Finance, and Global Technical Services, the company still follows an industry-oriented strategy while enhancing its performance and financial outcomes. This transition was motivated by the need to create more customer value and adapt to a marketplace where suppliers increasingly bypass intermediaries to engage directly with markets. The shift required extensive internal training, a cultural shift, and overcoming management's occasional hesitance, which is still seeable today. Additionally, Rieckermann fights nonetheless intense competition from Asian manufacturers, must navigate political and economic uncertainties, and is increasingly struggling to continue its operations.

[Challenges of the Current Business Model](#)

Rieckermann is navigating the complexities of evolving from a product-based to a service-oriented business model, but this transition is fraught with challenges that threaten its economic viability. While some progress has been made, a more radical transformation is urgently required. Philipp Staack articulates this urgency, yet notes a significant resistance to change, particularly among long-standing senior management. "There is urgency of more crucial and radical innovation, but also a large reluctance to change in higher positions (Philipp Staack)." Moreover, the company lacks a cohesive strategy for innovation, with no unified directive or clear responsibilities for

driving innovation across the group. Industry units currently operate in isolation, which hampers the ability to introduce new value propositions to the market effectively. There is a notable absence of a systematic procedure for innovation, which is compounded by operational inefficiencies where cross-functional initiatives often stall. This situation arises from unclear responsibilities, leading to a reluctance to assume ownership of new projects. To remedy this, leadership must promptly address their aversion to change and foster a culture of unity and strategic direction in innovation. Interviewees highlight another critical issue: the lack of programs or incentives to promote business model innovation. "Unfortunately, there is a lack of established programs or incentives to foster business model innovation (Baktas Dost)." Rieckermann's organizational complexity, characterized by its multiple units and international offices, impedes cross-collaboration and innovation, a situation that can be explained as six companies within one. This is further complicated by the need for the sales team to adopt a consultative approach, possibly necessitating new talent acquisition. External factors such as competition from Asian manufacturers and geopolitical instability add to the urgency for change. Rieckermann must adapt its supplier-centric strategy and corporate structure to market demands and incorporate BMI strategically and expeditiously.

Chapter 5: Data Results: Business Model Innovation & Sustainability

The following part will outline the results for BMI gathered from the interviews and brings them into a logical understandable matrix. The data analysis is rooted in a systematic review of the interviews through a framework analysis approach with deductive coding, guided by established theoretical frameworks outlined in a codebook. This codebook, structured around predetermined themes, organizes the coded data extracted from the interviews. These themes are mainly built upon two key frameworks from the literature review (see Figures 2.2 - 2.4). [Figure 2.2](#) encapsulates the general aspects of BMI, with themes such as critical components, motivation, challenges, and

outcomes, all informed by an extensive review of the relevant literature and the foundational frameworks. [Figure 2.3](#) is dedicated to resource allocation, drawing on themes of internal and external resources, and is influenced by the work of Bivona and Cruz (2021). [Figure 2.4](#) delves into sustainable innovation, examining the rationale, methodologies, and obstacles associated with adopting sustainable practices aligned with the framework proposed by Lüdeke-Freund (2019).

Motivation for BMI

First, new motivations for BMI in SMEs have emerged from the interviews, primarily driven by the need to adapt to dynamic market conditions and increasing competition ([See Figure 2.2](#)).

Motivations are the technological developments and the evolution of the digital landscape, which require rapid adaptation, highlighting the importance of technological progress and innovation opportunities. Changed consumer preferences, especially regarding environmental sustainability, forces companies to maintain market fit, ensuring continuity and long-term growth. Additionally, globalization challenges SMEs to adapt to various international regulations and cultural specificities. It necessitates a strategic response to supply chain changes and cultural shifts, making flexibility and innovation key for global success. It is repeatedly mentioned that the competitive landscape reinforces the need for cost-efficiency and the ability to use inherent agility to seize digital opportunities quickly. "It is also about saving costs through efficiency (Oliver Schwall)". BMI also helps adapt to regulatory changes, foster an entrepreneurial spirit for innovation, and tackle competitive pressures. Additionally, integrating social responsibility and climate action into business strategies is nowadays vital for long-term strategies.

Key Factors for Success

For successful BMI ([see Figure 2.2](#)) several factors have been mentioned, in line with the literature.

Strategic planning is essential, combining a long-term vision with day-to-day business operations.

This strategic planning must be aligned operationally, integrating mindset shifts throughout the

organization to foster a culture conducive to innovation. A significant part of this process is guided by clear growth goals and supported by a culture of innovation, emphasizing the need for human capital development. "SMEs must cultivate a culture that embraces change and fosters innovation (Edgar Kirst)." It also necessitates a switch of leadership style, where leaders not only guide but actively participate in the organizational rethinking process and let others to the same. Moreover, effective communication, targeted (and sustainable) training, and new hires are crucial to overcoming internal resistance and ensuring the organization is oriented toward innovation goals. These efforts are directed towards developing a customer-centric approach, where understanding and meeting customer needs are central. Rather flat organizational structures promote efficient decision-making, which is crucial for balancing profitability and sustainability. "SMEs typically must have flatter organizational structures, facilitating quicker decision-making... (Edgar Kirst)". A profitable long-term revenue model forms the basis for all other efforts, while a holistic strategic orientation ensures that each component of the BMI is geared towards a common goal.

The Challenges of BMI

The challenges for BMI at Rieckermann and other SMEs are said to be multifaceted, for which some agree with literature and others do not ([See Figure 2.2](#)). Resource scarcity and financial constraints are often a tangible limit to innovation initiatives. Furthermore, the need for more expertise in new technologies can hinder competitiveness in a digital market environment. A fundamental problem is resistance to change, where employees and executives occasionally stick to the existing one, which can cause performance drops. Additionally, and new to literature, too much focus on day-to-day business can often be at the expense of long-term innovation efforts. With a culture that promotes innovation, introducing new ideas becomes more accessible and feasible. Moreover, inflexible and hierarchical structures and processes can make it challenging to seize market opportunities, while rigid process design inhibits the creativity required for BMI. The

decision-making regarding innovation directions should not be decided only by the leaders, but rather start in low-level management. Also new to literature, a "short-term focus on results" (Daniel Quah) and profit can overshadow necessary investments in long-term innovation. For family businesses, such as Rieckermann, it is often difficult to combine professional management with family governance structures because of emotional attachment, which can affect adaptability. Also, an excessive internal focus and neglect of customer-oriented approaches, as well as reluctance to shift resources or invest in innovation, can further hamper innovation. These diverse challenges require careful navigation and adaptation to pave the way for successful innovations in a dynamic business environment.

Outcomes of BMI

However, if effectively implemented, BMI shall lead to several positive results ([See Figure 2.2](#)).

An important aspect is said to be the market and customer differentiation resulting from creating unique niches and separating competitors. This differentiation attracts customers and promotes their attachment to the company's unique values. Increased customer engagement also results from connecting consumers with the brand's innovative approach and vision. Moreover, cost efficiency, often a by-product of BMI, results from simplified processes and new business strategies that reduce unnecessary spending. This efficiency strengthens the company's resilience to withstand market fluctuations and disruptions better. Investors are increasingly attracted to companies with a clear focus on sustainability and innovation as they recognize these models' long-term value and growth potential. The pursuit of sustainability evolves beyond a mere compliance measure into a strategic approach that matches global trends and consumer expectations. "Our alignment with sustainability is market-driven (Fabian Pieteris)". Hence, the value added by BMI goes beyond financial indicators and positively impacts customers, employees, and society. Successful BMI

makes companies not only players in the market but also shapers that influence industry trends and standards.

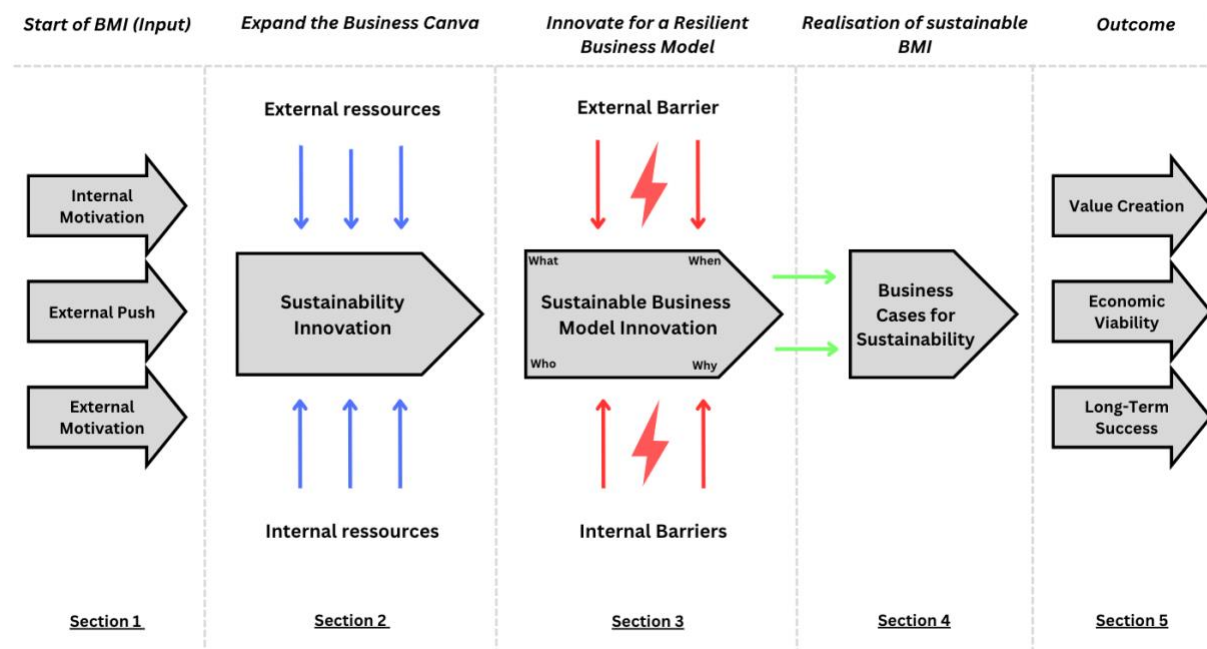
Literature Frameworks: Analysis from the Interviews

According to the interviews, in BMI's evolving context, resource allocation is vital for SMEs. Bivona and Cruz's (2021) model emphasizes the significance of strategic approaches both within and outside the firm. Efficient resource distribution might be one key to addressing BMI-related obstacles ([See Figure 2.3](#)). Plenty mention that the proximity of resources, within an SME facilitates effective collaboration and expeditious decision-making, is crucial for adapting to market shifts and customer demands. The agility and flexibility inherent in this approach might allow SMEs to pivot quickly in response to new opportunities or obstacles, with a workforce versatile in skills and expertise, fostering an environment ripe for continuous learning, innovation, and growth. Externally, leveraging resources beyond the company's immediate scope can pave the way for successful BMI. By engaging diverse networks, SMEs expand their expertise and perspectives, bolstering their capacity to identify and capitalize on new opportunities. Risk sharing through partnerships can mitigate potential losses, while market intelligence informs strategic decisions. Creating an ecosystem of partnerships and alliances allows SMEs to adjust resource allocation in response to market conditions, enhancing the agility and responsiveness of their business models. Simultaneously, Lüdeke-Freund's (2019) BMfSI framework emphasizes the integration of sustainable initiatives within BMI ([See Figure 2.4](#)). For experts and Rieckermann management alike, sustainability is not an adjunct but a cornerstone of BMI's success. Investing in green R&D and establishing sustainability at the heart of business strategy are required to align operations with sustainable principles. However, it necessitates a thorough analysis of the company's value chain to identify areas for sustainable growth. Understanding consumer sustainability expectations and driving an innovation-led corporate culture is hence vital. Regular

reviews and adjustments of sustainability strategies might be essential to adapt to changing regulatory conditions and consumer needs, ensuring a positive contribution to global sustainability goals. However, integrating sustainable practices presents its own set of challenges. The initial investment in sustainable infrastructure can be significant, and organizational resistance to adopting new sustainable processes may hinder progress. Moreover, the reputational risks of not achieving sustainability targets and the tendency to prioritize short-term gains over long-term strategy underscore the difficulties faced. Nevertheless, a long-term, responsible approach to decision-making is said to be vital, considering profitability and the alignment of stakeholder interests throughout the supply chain. Against the backdrop of these challenges, the interview responses support both frameworks provided by Bivona & Cruz (2021) and Lüdeke-Freund (2019) and contribute to the opinion towards structured support for SMEs to implement BMI effectively while embracing sustainable initiatives that prepare them for future challenges and opportunities.

Chapter 6: Framework and Recommendations

Framework for Implementing Sustainable Business Model Innovation (FISBMI)



This chapter shifts the focus to Rieckermann, the case study in this research. The company has begun adapting its business models, showcasing change management. However, a more radical innovation approach is needed, focusing on sustainable and future-oriented business areas. This requires a strategic shift, including divesting from certain segments and innovatively creating new ones. A framework is developed for SMEs to implement sustainable business models, ensuring resilience and future-proofing. It consists of five sections, each with corporate actions and considerations for a continuous, iterative process. This process is essential for effective sustainable BMI, leading to successful business outcomes. The following section will detail applying this framework for effective sustainable BMI and identifying first motivators for transformative change.

1 Section: The framework above identifies three critical motivators for company innovation, confirmed through interviews ([See also Figure 1.4](#)). Internal motivators originate within the company, driven by the need to address issues like cost inefficiencies, social responsibility among employees or management, leadership changes, or maintaining business continuity, especially in family-owned businesses. These motivators are essential for recognizing the internal forces that compel a company to change. External motivators, on the other hand, originate outside the company and prompt it to innovate. Technological progress, new digital opportunities, and shifting consumer expectations require companies to assess their external environment continually. Rieckermann, for instance, has shifted from trading machinery to providing comprehensive solutions in response to these changing external demands. Additionally, there are external pushes that act as urgent catalysts for adaptation. Those are less than ideal, often leading to reactive and poorly executed changes, resulting in suboptimal BMI. Regulatory shifts, competitive pressures, technological advancements, or customer demands for sustainability can trigger these pushes. Internal and external factors dictate if a company should adjust slightly or innovate greatly.

Historically, Rieckermann has made incremental changes due to moderate pressures. Yet, the growing competition, slow response to change, and a need for sustainability now necessitate significant innovation. These pressures are a strong call to action for substantial innovation.

2 Section: The framework acknowledges the need for change and moves to broaden the business model while allocating resources to foster sustainable innovation ([See also Figure 1.5](#)). There is a debate in the literature and among interviewees on whether to draw on external resources like consultancies and strategic partnerships, which can offer specialized knowledge, share risks, and provide capital, or utilize internal resources, which tap into the company's inherent potential. External resources, such as collaborations and expert advice, can expedite goal achievement and assist with reallocating resources during crises. Meanwhile, internal resources, including employee expertise in business development and change management, are also essential. Empowering teams and forming internal innovation groups are often vital for leveraging resources immediately available to the company. However, the decision between external and internal resources should be based on the extent of change needed. External resources are more critical for a complete overhaul of the organizational structure and business concept. In contrast, for more minor, more manageable changes, internal resources may be preferred due to cost-effectiveness and speed of implementation. That is exemplified by Rieckermann's transition to becoming a full-service provider, which likely utilized more internal resources.

3 Section: After that, once resources are established and internal change initiatives commence, identifying and analyzing influential factors and overcoming barriers are essential at first for a smooth and successful business model innovation process, as outlined in Section 3 ([See also Figure 1.6](#)). Both external and internal barriers will emerge along the change procedure. Externally, challenges such as trade restrictions, regulatory and environmental compliances, stakeholder demands (shareholders, suppliers, or clients), high market entry costs, and market uncertainty are

common. These barriers require strategic alignment and preparation for effective navigation. Internally, barriers such as resistance to change within the organizational culture, lack of leadership commitment, especially for family-owned firms, resource scarcity inside the company, and gaps in expertise can be equally, if not more, obstructive. Hence, addressing a resistant culture is needed, as innovation is attainable with a workforce willing to embrace change. Leadership commitment is vital for taking risks associated with BMI. Additionally, addressing resource limitations and ensuring employees possess skills to develop new products or enter new markets is essential. Overall, it is imperative to proactively identify and effectively managing these challenges paves the way for successful BMI. Moreover, Rieckermann should consider validating, for the correct business model innovation approach, four factors, as recommended by Karan Girotra and Serguei Netessine (2014) and mentioned partly by the interviewees.

What: Concentrate on products and services with steady demand to secure consistent revenue and reduce risks.

When: Time decisions correctly by waiting for sufficient information to mitigate the risk of premature actions.

Who: Delegate decision-making to those with the most significant expertise, whether within the company or externally.

Why: Ensure strategic decisions align with new and longstanding company objectives.

This strategy aids companies in reevaluating their business models for better prospects. Additionally, establishing an innovation department separate from core operations could serve as a testing ground for new business areas and models, which, if successful, could integrate into the main business. However, the specific development and implementation of innovation are at the company's discretion and are not depicted in the framework.

4 + 5 Section: In the concluding sections, the framework outlines the essential aspects for creating and implementing new business models, the resultant benefits of a sustainable BMI strategy, and the continuous business cases emerging from it ([See also Figure 1.7](#)). A flexible culture that promotes change and innovation is necessary for successful implementation. Furthermore, companies need to revise current partnerships and, more importantly, establish resourceful new ones that contribute expert knowledge, capital, and workforce. Equally important is agile leadership across all levels of the organization's hierarchy. It is insufficient for only the CEO to be agile; business unit managers and other key personnel must also embody this quality. Thus, a harmonious blend of strategy, culture, and operations is essential on all levels. Moreover, they should consider hiring staff/teams capable of adapting and driving innovation and more radical, dismiss staff doing the opposite. Initiating partnerships and joint ventures alongside primary operations can also foster new business models and diversify revenue streams. Additionally, a vigilant approach towards closer monitoring and potentially closing unprofitable business units might be necessary as well.

Overall, the outcomes of this continuous BMI process are both significant and unique ([See Figure 2.6](#)). The interviewees mention, Rieckermann needs to enhance customer attraction and become more appealing to potential investors that give endurance, during innovation periods. Business resilience will strengthen, and a noticeable increase in loyalty, brand awareness, and popularity will lead to better employment opportunities and improved organizational structure. By adopting new competitive strategies and inside structures, the company can effectively conquer markets, overshadow competitors, and shift focus to unexplored markets. The priority shall be creating value and preserving economic viability, essential for existence, with development and profitability as secondary focus.

Chapter 7: Conclusion and Future Outlook

Rieckermann stands at a decisive point in its long history of the machine trade and urgently needs a radical change to ensure its survival and future prosperity, because being a family-owned traditional company turns out to be more a hurdle than an advantage. The literature, the Rieckermann management and BMI experts agree with many aspects regarding the strategic incorporation of sustainable business model innovation for enduring success. This changeover requires a multifaceted iterative approach encompassing innovation, cultural change, market reorientation, and a solid commitment to long-term sustainability. The strategic pivot towards a sustainable and innovative business model at the Rieckermann Group necessitates a comprehensive internal and external transformation, illustrated in the 'Innovation Cycle of Excellence' (See [Figure 1.8](#)). First of all, internally fostering an innovation-centric culture is pivotal. This involves creating an environment where new ideas are valued and encouraged. Implementing for example a reward system that recognizes and incentivizes innovative contributions can be useful. This could include recognition programs, monetary bonuses, or career advancement opportunities for those who contribute significantly to innovation. It also involves incentivizing creative thinking, streamlining communication for swift decision-making, and investing in human capital through targeted recruitment and training. Second of all, efficient decision-making is integral to innovation. This requires establishing clear, concise communication channels that connect various units to management swiftly. Thirdly, fostering an innovation culture is partly the development of human capital. This involves not only recruiting individuals with a propensity for innovative thinking but also investing in ongoing training and development programs. These programs should focus on skills relevant to innovation, such as creative problem-solving, technological proficiency, and adaptability. Moreover, implementing regular meetings, streamlined reporting systems, and digital communication platforms can enhance information flow and decision-making processes for

innovation. Overall, a flatter organizational structure, coupled with a centralized innovation management team, might enhance agility. Reducing hierarchical layers can empower employees at all levels to contribute ideas and take initiative. At the same time, establishing a central innovation management team at the headquarters can provide a strategic direction and oversee the innovation processes across different units. Last of all, setting long-term, mutually beneficial goals and regularly monitoring progress will ensure continuous improvement. Externally, the Rieckermann Group should seek strategic partnerships with startups, leveraging these relationships for market expansion and innovative input. Forming these strategic alliances can inject fresh ideas and agility into the business. These partnerships can take the form of investments, joint ventures, or collaboration on specific projects. Such collaborations not only facilitate access to new markets but also bring in new technological insights and innovative business models. Concurrently, enhancing collaboration with current clients will provide valuable insights, fostering a customer-centric approach to innovation. Deepening relationships with clients can uncover new opportunities for innovation. Co-creating solutions with clients ensures that the innovations are closely aligned with market demands, thereby increasing their likelihood of success. After all, implementing these recommendations requires a structured plan. A phased approach, starting with internal changes and gradually integrating external components, is recommended. Regular assessments and adjustments based on feedback and market trends will be important for the success of these initiatives. Establishing a robust system to monitor the progress of innovation initiatives is crucial. This could involve regular progress reports, performance metrics, and feedback mechanisms. An iterative approach to innovation should be adopted, where processes are continually evaluated and refined based on feedback and outcomes. This strategic shift, though challenging, holds the promise of long-term growth and sustainability for the Rieckermann Group and similar SMEs in the evolving global business landscape.

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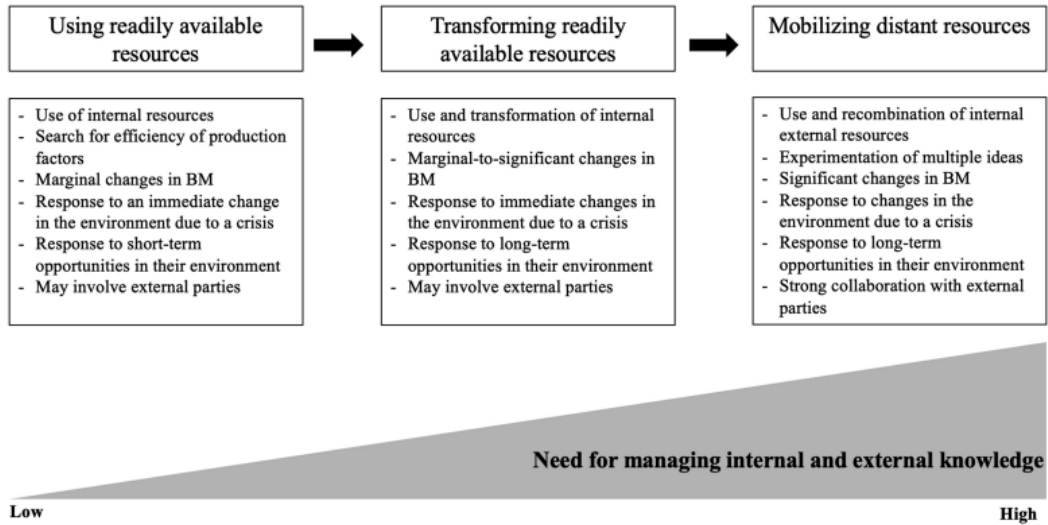
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Appendix

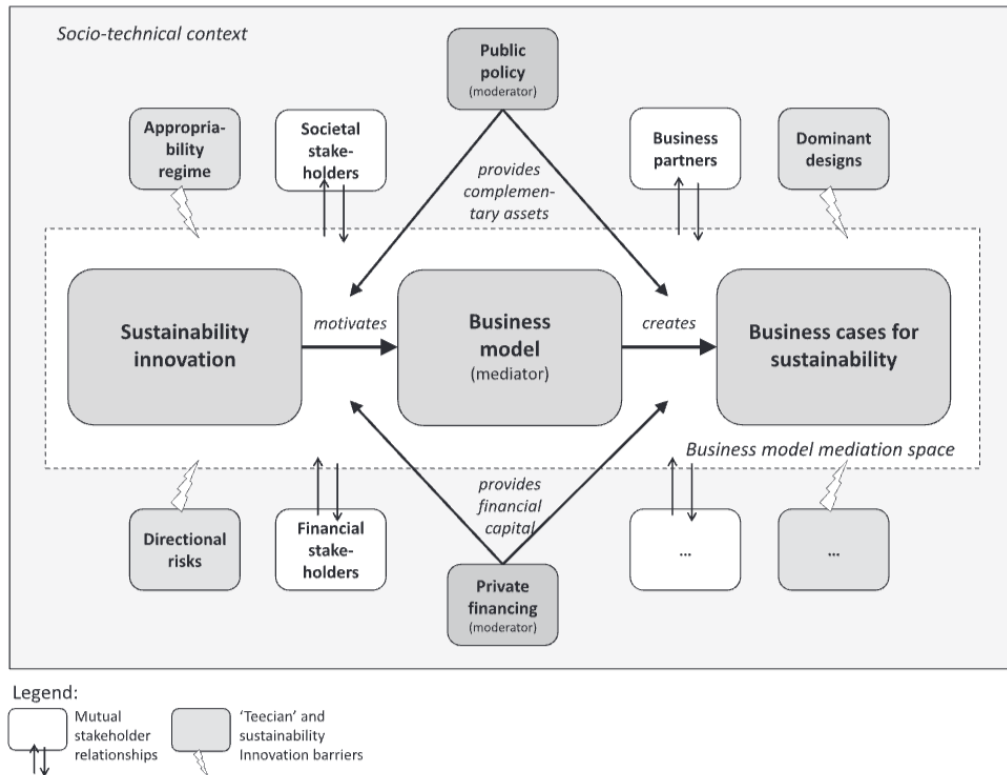
Figures

Figure 1.1: Interactive business model for SMEs in times of crisis by Bivona & Cruz (2021)



Source: [file:///Users/Jesper/Downloads/Cruz_2021_can_business_model%20\(1\).pdf](file:///Users/Jesper/Downloads/Cruz_2021_can_business_model%20(1).pdf)

Figure 1.2: The business models for sustainability innovation framework by Lüdeke-Freund (2019)



Source: <https://onlinelibrary.wiley.com/doi/10.1002/bse.2396>

Figure 1.3: Framework for Implementing Sustainable Business Model Innovation (FISBMI)

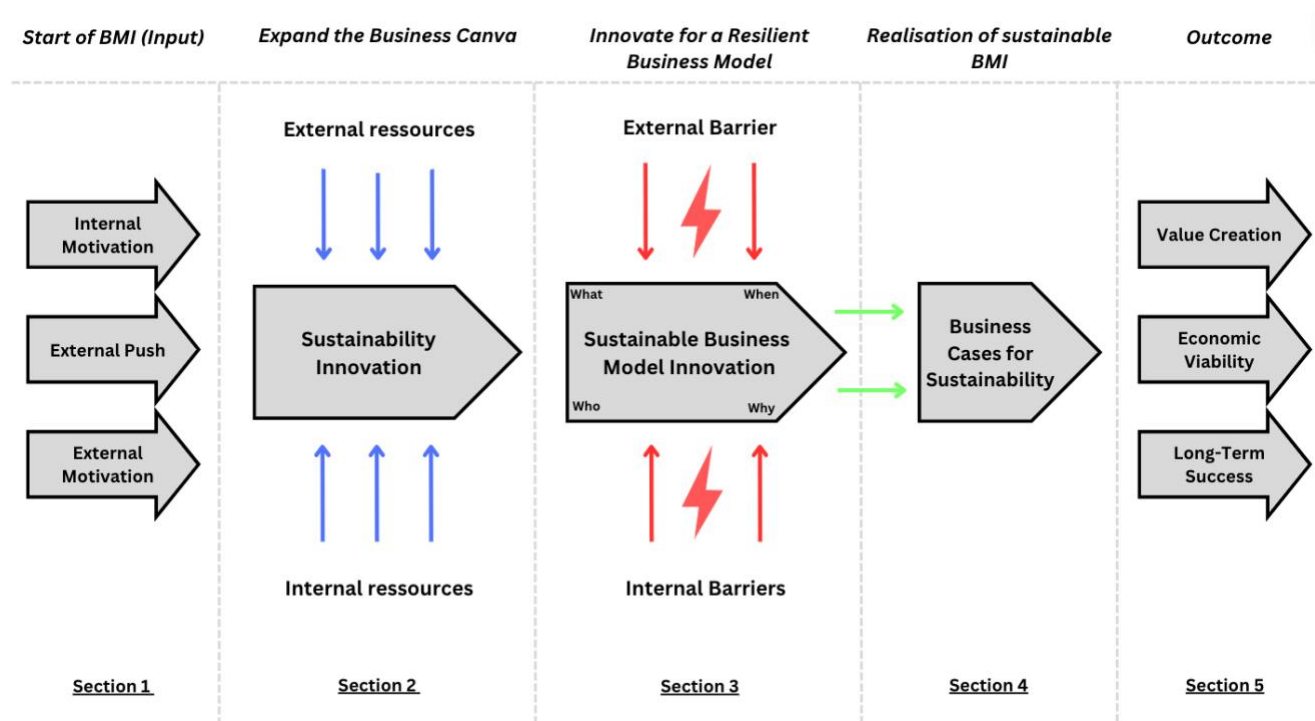


Figure 1.4: FISBMI Section 1



Figure 1.5: FISBMI Section 2

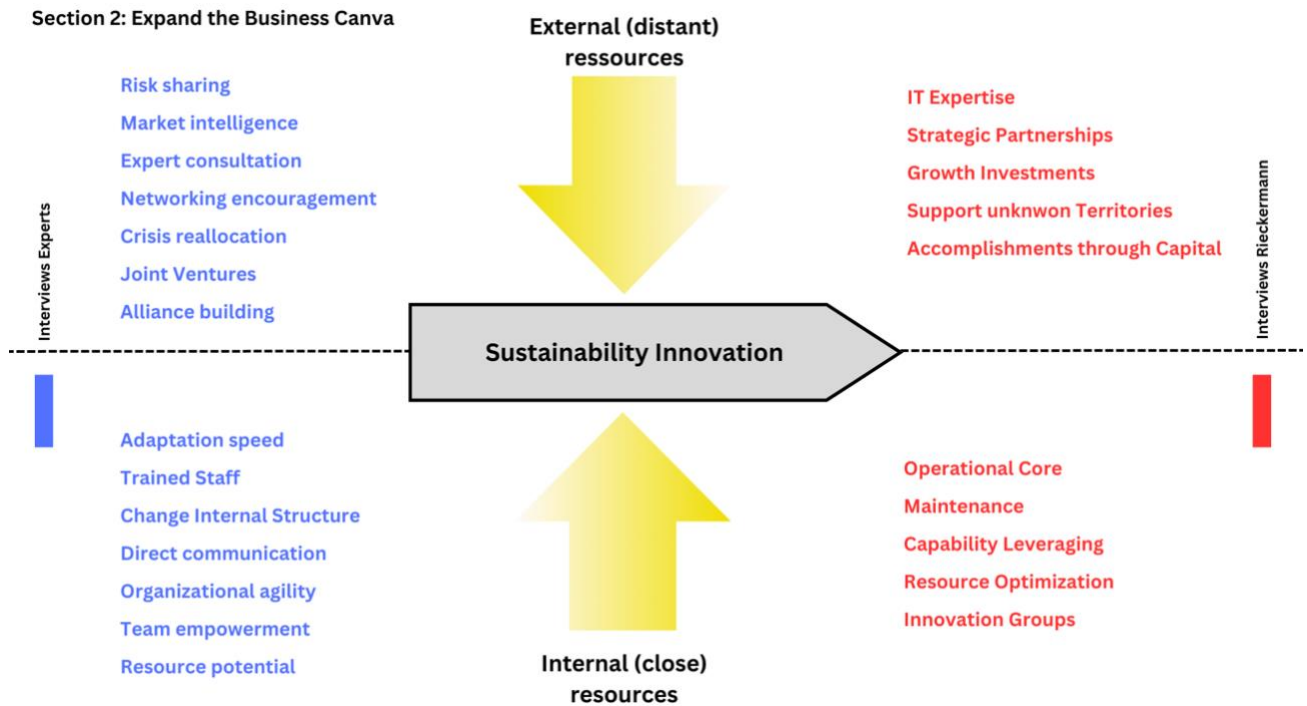


Figure 1.6: FISBMI Section 3

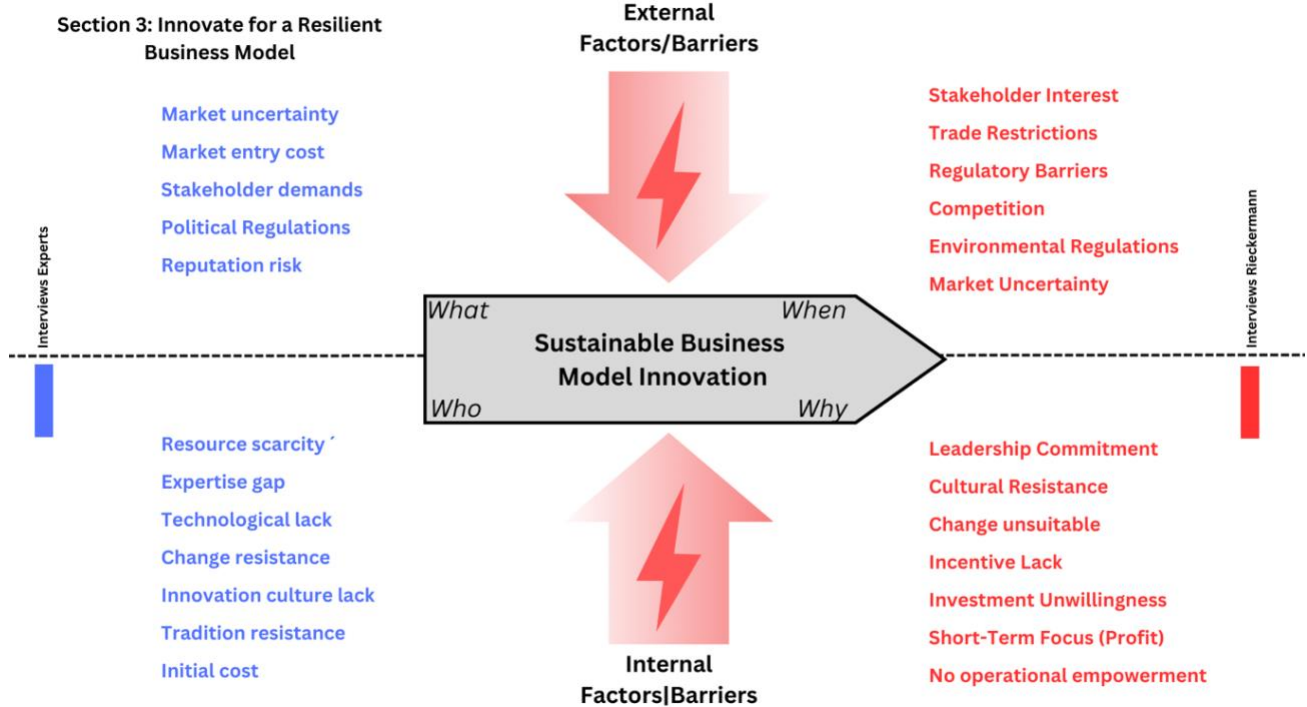


Figure 1.7: FISBMI Section 4 + 5

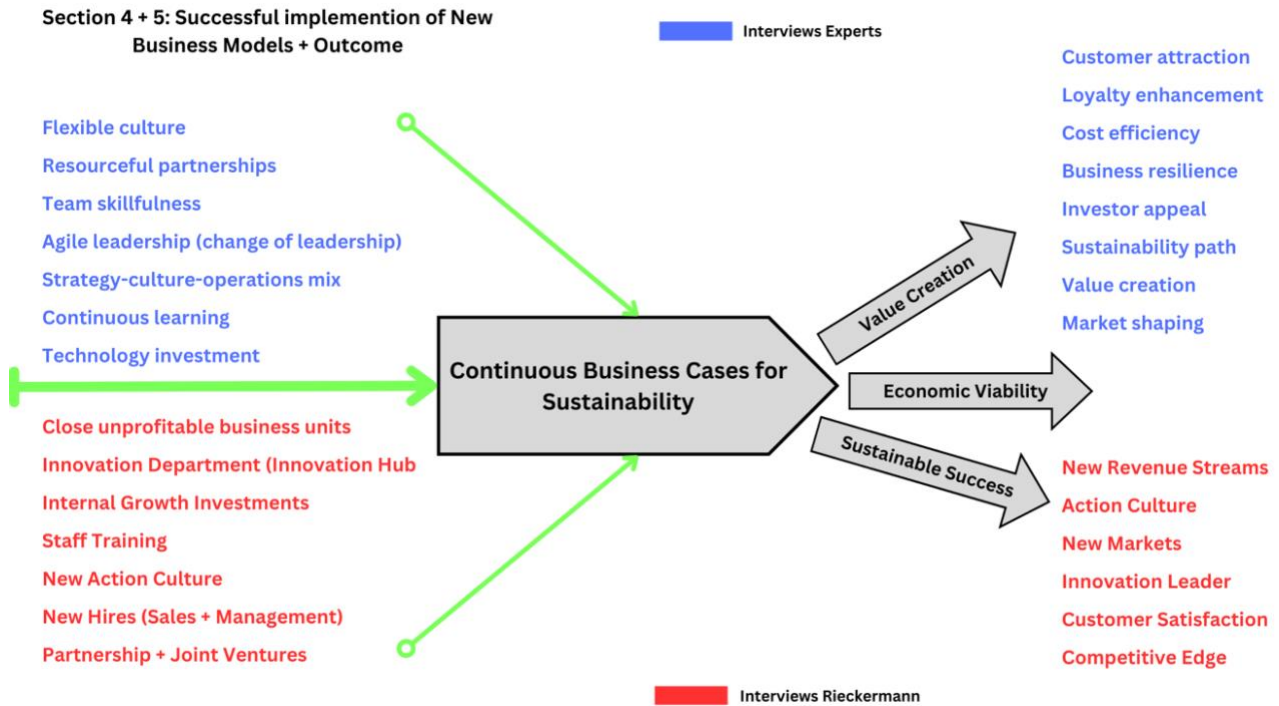


Figure 1.8: Innovation Cycle of Excellence

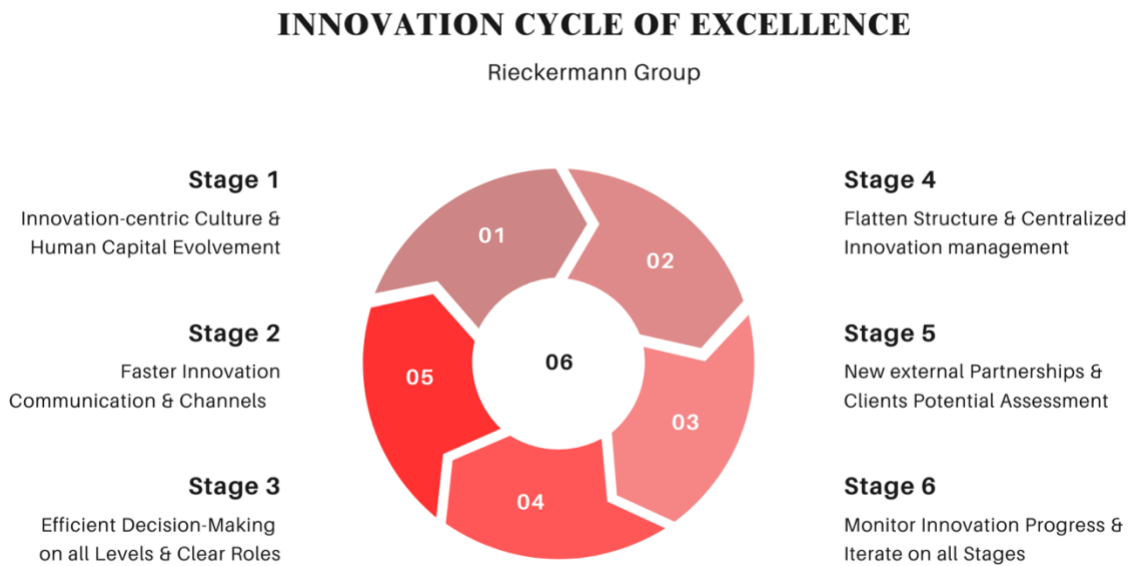


Figure 2.1 Interview Analysis Approach

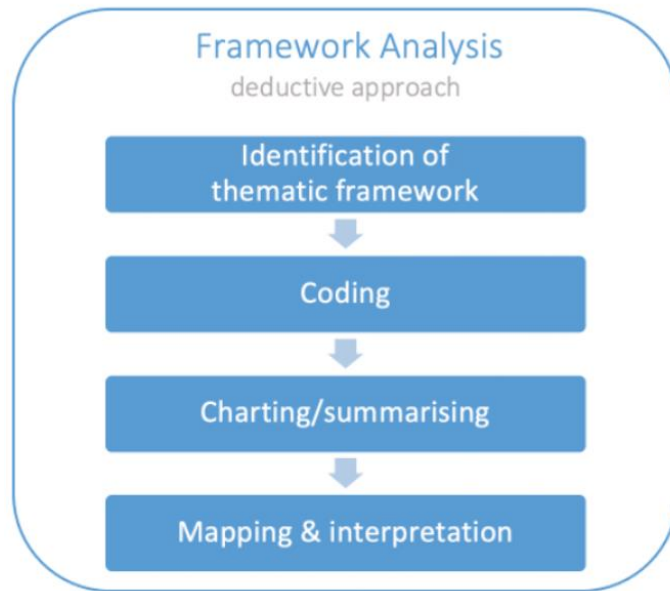


Figure 2.2: Analysis Framework: Working Codebook 1 (BMI)

Input Data	Working Codebook (BMI)				
	Definition BMI	Factors for Success	Motivation for BMI	Challenges of BMI	Outcomes of BMI
deliberate change and adaptation of how a company creates new value, taps into market potentials, and reaches new customer segments	Change Adaptation New Value New customers	New Value	Market potentials		New Customers
sometimes the most effective innovations are those that pivot from the existing strengths of the business.	Build upon old strength				
reconfiguration of a company's foundational components to create, deliver, and capture value in novel ways	Reconfiguration Create novel value			Capture novel value	Novel value
achieve a harmonious balance between profitability and sustainability.	Balance Profit vs. Sustainable	Balance Profit vs. Sustainable		Fokus on Profits	Harmony
SMEs are usually nimbler than the big corporations, so they can pivot quickly when the market shifts.		Pivot quickly Nimble	Market Shifts	Market shifts	
resistance to change, especially when tradition and family ownership plays a significant role... balancing the need for professional management with family governance, which can affect the pace and direction of innovation.				Family Resistance Professionalism vs. Family Governance	
too inward-looking, focusing on optimizing existing processes rather than seeking new ways to create value	Create Value	New Ways for Value		Inward Focused	
New Collaborations and partnerships can also give you that nudge to innovate			New Collaborations New Partnerships		
New regulations can force your hand and make you rethink how you do business			New Regulations	New Regulations	
large corporations have significant advantages in terms of resources and market reach, SMEs must leverage innovation as a strategic tool to carve out their niche		Niche Markets Innovation as a Tool	Innovation to compete Niche Focus	Large Corporations Resource Management Market Reach	
resource constraints and a hesitancy to deviate from proven methods				Resource Constraint Hesitancy to Deviate	
saving costs through efficiency... making your business more resilient and appealing to investors... pave the way for long-term sustainability			Cost Savings Resilient Business Investor Attractive		Cost Savings Efficiency Resilient Appealing Investor Attractive Long-term success
involves challenging and changing the status quo of one or more of the nine micro elements in our business model. These elements include key partners, activities, resources, value propositions, customer relationships, channels, customer segments, cost structure, and revenue streams. The ultimate goal of this innovation is to enhance our money-making logic and market share.	Status Quo Change Enhance Revenue Increase Market Share	Key partners activities, resources value propositions customer relationships channels customer segments cost structure revenue streams	Increase Market Share		Larger Market Share Revenue Increase
Business Model Innovation is essentially a modernization effort. It involves changing the business model for the better and adapting operational processes to align with that change	modernization effort	operational processes		Align with change	
message of change is communicated effectively to every level of the organization is a primary concern... a lack of established programs or incentives to foster business model innovation.			Incentives	No Message of Change No Incentives No Programmes	
key drivers include competitive advantage and operational efficiency a shift in the supply chains (need to adapt to that) digital landscape has also changed (search engines and AI removing traditional barriers)			Competitive Advantage Operational Efficiency Supply Chain Shift Digital Landscape Shift	Supply Chain Shift Digital Landscape Shift	Operational Efficiency

Figure 2.3: Analysis Framework: Working Codebook 2 (Resource Allocation)

Input Data	Working Codebook (Resource Allocation Innovation)	
	Internal Resources (Rather Close)	External resources (rather distant)
in a crisis, you want those resources as close as possible because time that takes to adapt is of the essence ... and you need faster and way better communication	Quick Communication Adapt Quick	
flexibility , that's key. You're going to need to experiment , tweak things here and there	Flexibility Experiment quick	
Networks like, customers, suppliers, even universities and other startups, partners, joint ventures, competitors... these networks can be valuable for sharing risk, accessing new resources, and gaining market intelligence... creating an external ecosystem where resources can be mobilized efficiently and effectively to support business model innovation.		Customers Suppliers Universities Start-Ups Joint Ventures Competitors Resource Mobilisation External Ecosystem Risk Reduction New Resources Sharing risks Higher Intelligence
Encourage your team to network and build relationships . The more open you are, the more flexible and competitive you'll be.		Competitive Network is key Build Relationships Flexibility
hands-on decision made by top management... leveraging existing capabilities to navigate through challenges... resource optimization is always a focus in our strategic discussions ... internal working groups focusing on innovation	Existing Capabilities Hands-On Management Resource Optimization	
For instance, during our BMI transformation program, we engaged external consultants to provide specialized expertise , help of IT systems , and we've also sought external expertise by making strategic partnerships		External consultants IT Support Strategic Partnerships
We invested in new initiatives that promise growth and innovation. Furthermore the Acquisition of Synertec and the creation of the 'Head of Technical Services' role are examples of how we've integrated services into our overall business, aiming to transition from a classical trading to a project-related business with external and internal resources	Innovation Hub (Initiatives)	Acquisitions New Jobs Creations New Hirings

Figure 2.4: Analysis Framework: Working Codebook 3 (Sustainable Innovation)

Input Data	Working Codebook (Motivation for Sustainable Innovation)		
	Why implementing Sustainable Innovation	How implementing Sustainable Innovation	Challenges implementing Sustainability
Creativity and a corporate culture of innovation are crucial for idea generation		Creativity + Innovation Culture	
Sustainability is integral to our long-term strategy we strive to offer energy-efficient solutions and actively engage in environmental projects for good image and long-term success	Long-Term Strategy Good image Long-term success		
as a family business, economic sustainability has always been a cornerstone due to the focus on succession and long-term planning.	Economic Sustainability	Focus on Succession Long-term Planning	
sustainability is market-driven, where the cost of unsustainable practices becomes a factor in product pricing.	Market Demand		
building long-term, sustainable relationships with our customers. By promoting emerging technologies like recycling early on, we position ourselves as a go-to industrial solution provider when regulatory focuses shift.	Regulatory Focuses Shift	Emerging Technologies	Regulatories
internal stakeholders are the biggest influencers, external factors like trade restrictions and political instability can also have a negative impact on our business model	Internal Stakeholders Trade Restrictions Political Instability		
External factors like laws and stakeholder interests may require us to adapt our product and service offerings, but the core of our business model remains consistent.	Laws Stakeholder Interests	Adapt but Core Stays	
sustainability isn't just an ethical choice; it's also a smart business strategy. We need to integrate sustainability into every aspect of their business, from supply chain management to product design, to customer engagement	smart business strategy	Sustainability Everywhere Supply Chain Management Product Design Customer Management	Customers Expectations
initial cost of adopting sustainable technologies and practices... Resistance to change from employees and leaders...complex changes in processes and supply chains, adding another layer of difficulty.			Initial Costs Resistance to Change Complex Changes
assessing your environmental impact and crafting a long-term vision... Evaluate the financial and operational risks... Engage stakeholders like customers and employees for insights and support		Evaluation of Financial Risks Evaluation of Operational Risks Engage all Stakeholders	
The rise of sustainable, qualitative yet affordable equipment from Asia is reshaping our strategies	Competition Push		Competition Fight

Figure 2.5: Interviews Participants Overview

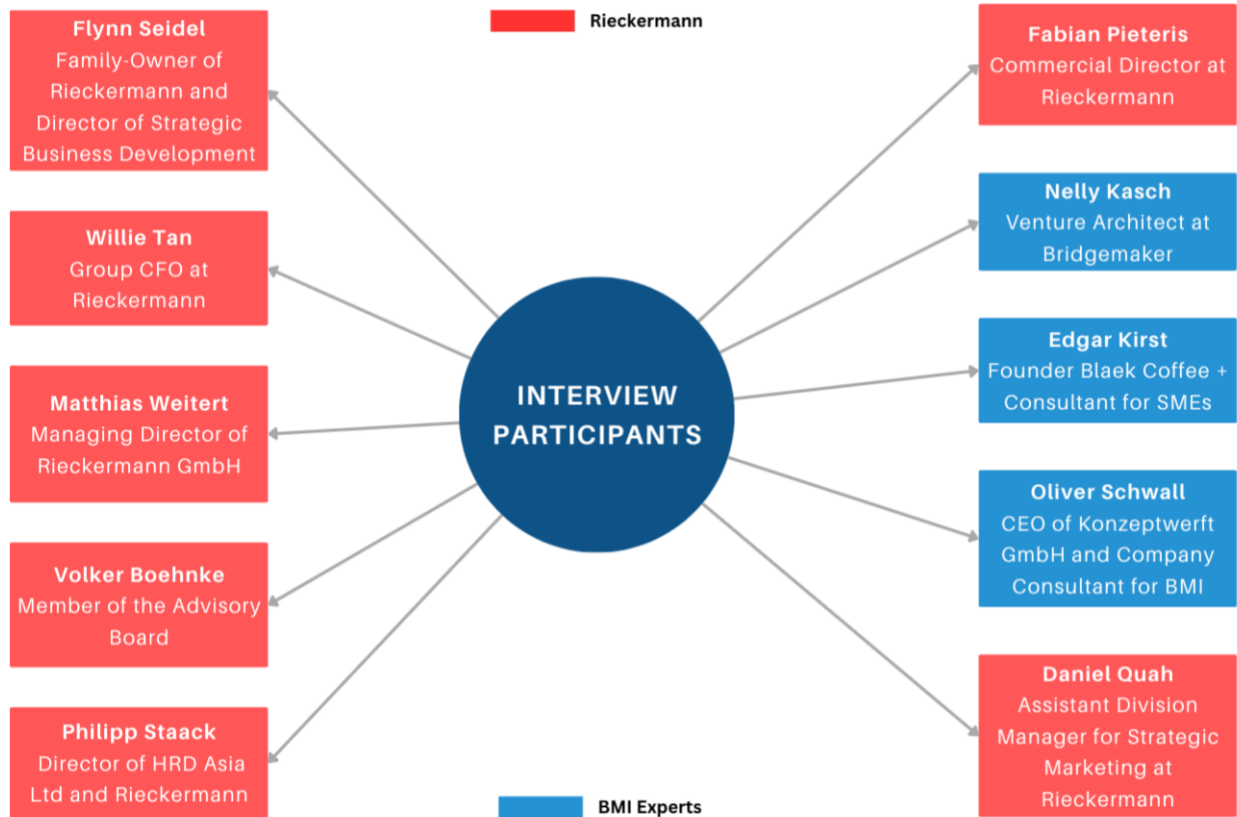


Figure 2.6: Final Codes/Outcome of the Interviews (Deductive Coding)

Definition BMI	Value Creation and Service/Product Innovation	Internal Resource Allocation in Crises:	Top Management Decision Making	
	Market Position and Competitive Adaptation		Capability Leveraging	
	Customer Engagement and Segment Expansion		Resource Optimization	
	Resource and Relationship Redesign		Digitalization	
	Strategic Reassessment and Modernization		Innovation Focus	
	Revenue and Business Model Rethinking		Resource Agility	
Motivation for BMI	Market Dynamics + Technological Progress		Top Management Decision Making	Capability Leveraging
	Competition Increase + Globalization		Resource Optimization	Digitalization
	Development of Unique Value Proposition		Innovation Focus	Resource Agility
	Revenue Diversification and Sustainability		Resource Agility	Top Management Decision Making
	Risk Mitigation + Management Commitment		Top Management Decision Making	Capability Leveraging
	Market Fit Maintenance+ Digital Landscape Evolution		Capability Leveraging	Resource Optimization
	Business Landscape + Cultural Switch	Resource Optimization	Digitalization	
	Supply Chain Changes	Digitalization	Innovation Focus	
Challenges in BMI	Innovation Opportunities + Response Strategy	Relationship Building	Resource Agility	
	Leadership Commitment	External Resource Allocation in Crises	Utilization of External Consultants	
	Organizational Commitment		IT Expertise	
	Cultural Non-Adaptability		Strategic Partnerships	
	Change Resistance		Growth Investments	
	Resource Scarcity		Benchmarking	
	Financial Constraints		Diverse Networks	
	Strategic Flaws		Ecosystem Creation	
	Operational Non-Adaptability		Risk Sharing	
Stakeholder Engagement	Relationship Building			
Key Aspects while Innovate	Communication errors	Sustainability Innovation	Economic Sustainability	
	Mindset Shift		Market Resilience	
	Innovation Culture Development		Long-Term Success	
	Strategic Planning		Resource Efficiency	
	Operational Alignment		Sustainable Technologies	
	Human Capital Development		Market-Driven Approaches	
	(Sustainable) Training		Stakeholder Engagement	
	Leadership Switch		Impact Assessment	
	Organizational Rethinking		Green Research	
	Customer-Centric Approache		Development Investments	
	Value Proposition Strengthening		Regulatory Understanding	
	New Hirings		Consumer Expectations	
Outcomes of BMI:	Industrial Innovation Response	Challenges in BMI and Sustainability	Stakeholder Influence	
	Customer Satisfaction		Trade Restrictions	
	Customer Engagement		Regulatory Barriers	
	Competitive Edge		Product Adaptation	
	New Revenue Streams		Green Technology Costs	
	Market Validation		IT Adoption	
	Business Survival		Asian Market Competition	
	Customer Differentiation		Environmental Regulations	
	Customer Attraction		Change Resistance	
	Cost Efficiency		Initial Costs	
	Business Resilience		Reputation Risks	
	Sustainability Path		Long-Term Focus	
	Value Creation		Consumer Expectations	

Figure 2.7: Rieckermann Full-Service Offerings

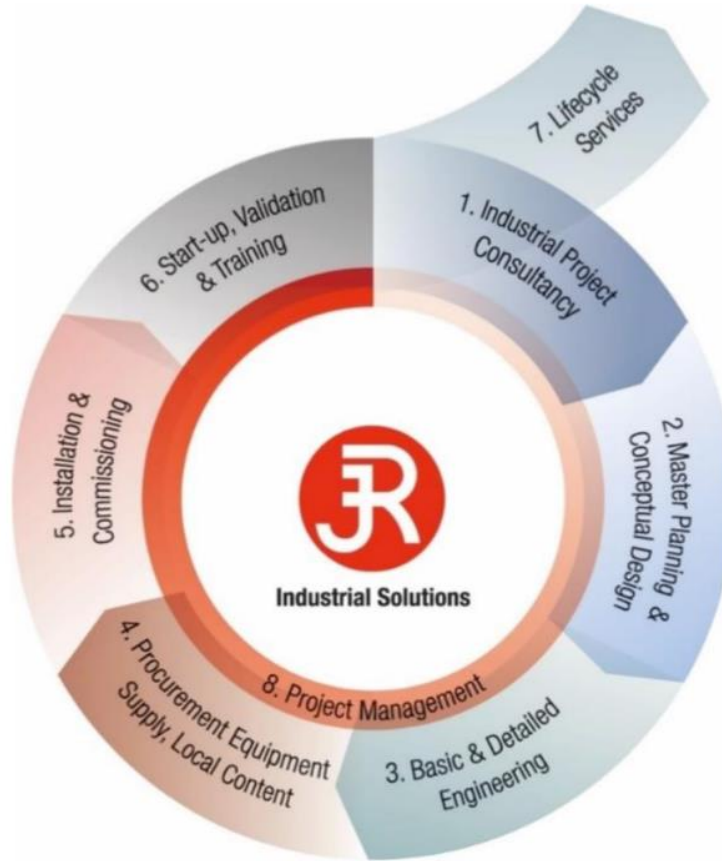


Figure 3.1: Interview Protocol (Rieckermann)

Introduction

- Briefly introduce yourself and the purpose of the interview.
- Confirm consent for recording the interview, if applicable.

Section 1: Insights from the Interviewees

- Could you please share your name, role and responsibilities within Rieckermann?

Section 2: Current Business Model and its Evolution

- Could you elaborate on the key components of Rieckermann's current business model?
- How has Rieckermann's business model evolved over the years?
- How did you experience the change over time?
- What do you perceive as the most significant limitations or constraints in the current business model?

Section 3: Business Model Innovation and SMEs

- How would you define Business Model Innovation?
- How critical is business model innovation to Rieckermann at this point?
- Given that the thesis focuses on the unique challenges and opportunities that SMEs encounter in business model innovation:
- In context of Rieckermann, what are key drivers for business model innovation?
- What potential barriers, risks or challenges do you anticipate in the course of implementing business model innovation, especially in light of the thesis's insights on family-owned SMEs?

Section 4: Framework by Bivona, E., & Cruz, M. (2021) - Resource Allocation in Crises

- How does Rieckermann currently allocate resources in crises situations? And what kind of resources are those (easily accessible (internal) or rather distant (external) resources)?
- Could you tell from examples where Rieckermann has repurposed existing resources into innovative products or solutions?
- How does Rieckermann engage its network to mobilize external resources for business model alterations?

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

- How is Rieckermann currently aligning its business model with sustainability innovations?
- Could you elaborate on the impact of external factors influencing the current business model like environmental factors, barriers, and stakeholder interests?
- Given that the thesis posits both challenges and opportunities in incorporating sustainability, how does Rieckermann plan to integrate sustainability into its future business model?

Section 6: Adaptability, Outcome and Future Outlook

- The thesis underscores the adaptability of SMEs. How is Rieckermann positioning itself to be adaptable in changing business landscapes?
- What do you think are the outcomes of BMI? Specifically regarding value creation and economic viability?
- What would be your long-term vision for Rieckermann's business model, particularly with respect to sustainability and adaptability?
- Can you name at least 2 aspects Rieckermann should consider when adapting its business model towards a more sustainable approach?

Conclusion

- Express gratitude to the interviewee for their valuable time and insights.
- Outline the subsequent steps and clarify how the gathered information will be utilized.

Figure 3.2: Interview Protocol (Industry Experts)

Introduction

- Briefly introduce yourself and the purpose of the interview.
- Confirm consent for recording the interview, if applicable.

Section 1: Expertise and Background

- Could you please share your expertise and experience in the field of Business Model Innovation?

Section 2: Understanding Business Model Innovation

- How do you define Business Model Innovation?
- What are the key components that constitute a successful business model innovation?
- What limitations or constraints have you observed in traditional business models that necessitate innovation?

Section 3: Business Model Innovation and SMEs

- How critical is business model innovation for Small and Medium-sized Enterprises (SMEs)?
- What unique challenges and opportunities do SMEs face in the realm of business model innovation?
- Can you identify key drivers and barriers for business model innovation in (family-owned) SMEs?

Section 4: Framework by Bivona, E., & Cruz, M. (2021) - Resource Allocation in Crises

- How should firms allocate resources in crisis situations where a change in business model is needed? Are these better to be resources easily accessible or rather distant? And why?

- How should firms engage with their networks to mobilize external resources for business model alterations?
- Could you provide examples where firms have repurposed resources into innovative products or solutions?

Section 5: BMFSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

- How should firms align their business models with sustainability innovations?
- What is important to consider for the choices and actions made by business owners as they adapt their business models to sustainability innovations?
- Could you elaborate on the impact of external factors, such as environmental conditions, barriers, and stakeholder interests, on (sustainable) business model innovation?
- What challenges and opportunities do you foresee in incorporating sustainability into future business models?

Section 6: Adaptability, Outcomes and Future Outlook

- How can SMEs position themselves to be adaptable in changing business landscapes?
- What do you think are the outcomes of BMI? Specifically regarding value creation and economic viability?
- What could be the long-term vision/mission for the evolution of a business model, particularly with respect to sustainability and adaptability?
- Can you name at least 2 aspects firms should consider when adapting its business model towards a more sustainable approach?

Conclusion

- Express gratitude to the interviewee for their valuable time and insights.
- Outline the subsequent steps and clarify how the gathered information will be utilized.

Figure 4: Full Transcripts of the Interviews

Interview Transcripts Rieckermann

Transcript of Interview with Philipp Staack, Director of HRD Asia Ltd and Rieckermann

Interviewer: Jesper Schwall, Master Student at Nova SBE

Introduction

Jesper Schwall: Good afternoon, Mr. Staack. Thank you for taking the time to participate in this interview. I am Jesper Schwall, a Master's student at Nova School of Business and Economics. My specialization is in Impact Entrepreneurship & Innovation. I am currently working on my Master's thesis, which focuses on Business Model Innovation and Sustainability, with a particular emphasis on Rieckermann. May I have your consent to record this interview for academic research purposes?

Philipp Staack: Absolutely, you have my full consent to record this interview for your academic work.

Section 1: Insights from the Interviewees

Jesper Schwall: Wonderful, let's dive right in. Could you please elaborate on your role and the scope of your responsibilities within Rieckermann?

Philipp Staack: Certainly. I am Philipp Staack, the Director of HRD Asia Ltd and Rieckermann Service Limited. My role is multi-faceted. I oversee accounting for all our Hong Kong entities, serve as the Head of Group Business Organization, and also manage Project P16, which is focused on IT Infrastructure and Digitalization as part of our JR2025 initiative. It's a broad spectrum of responsibilities that keeps me engaged on multiple fronts.

Section 2: Current Business Model and its Evolution

Jesper Schwall: Moving on to Rieckermann's business model, could you provide some insights into its key components?

Philipp Staack: Of course. Rieckermann operates primarily as a B2B multisided platform. We offer a diverse range of services to both suppliers and customers, acting as a bridge that facilitates various business transactions and solutions.

Jesper Schwall: How has this business model evolved over time? What were the driving forces behind this evolution?

Philipp Staack: Initially, Rieckermann was more of an intermediary, facilitating the sale of products from other companies. However, we realized that to remain competitive and relevant, we needed to add more value to our customer interactions. So, we transitioned to a model where we focus on providing comprehensive solutions, rather than just acting as a sales agent for other companies.

Jesper Schwall: That's an interesting transition. How did you personally experience this change within the organization?

Philipp Staack: The shift was both challenging and rewarding. It led to a more selective approach to new suppliers, a clearer market segmentation strategy, and the integration of engineering services to extend our value creation. It was a transformative period that required a lot of internal adjustments.

Jesper Schwall: What limitations or constraints have you observed in the current business model?

Philipp Staack: One of the main challenges has been the transition of our sales team into more consultative roles. This requires a different skill set and mindset. Additionally, we need to be more

proactive in determining market opportunities rather than being reactive, which has been a traditional approach.

Section 3: Business Model Innovation and SMEs

Jesper Schwall: That's insightful. Now, how would you define Business Model Innovation in the context of Rieckermann?

Philipp Staack: Business Model Innovation, to me, is a strategic reassessment of how the organization creates, delivers, and captures value. It involves a thorough reflection on whether the current value we add for the customer will sustain in the future. If it won't, then we need to identify and execute adjustments to our value stream.

Jesper Schwall: Given that Rieckermann is currently undergoing this change, why do you think business model innovation is particularly important at this juncture?

Philipp Staack: The business landscape is ever-changing, and companies that don't adapt risk becoming obsolete. Our previous model made us vulnerable to decisions by other companies, especially our suppliers. Therefore, we needed to find a way to be less replaceable in the value chain, to have our own unique value propositions.

Jesper Schwall: What would you say are the key drivers for business model innovation within Rieckermann? And conversely, what potential barriers do you foresee?

Philipp Staack: The key driver is a fully committed management team that understands There is urgency of more crucial and radical innovation, but also a large reluctance to change in higher positions. Meaning as for barriers, lack of commitment from the top can be a significant hindrance, especially if senior family members are resistant to radical change.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) – Innovation through Resource Allocation in Crises

Jesper Schwall: Shifting gears a bit, how does Rieckermann allocate resources during crises?

Philipp Staack: In crisis situations, resource allocation is a hands-on decision made by top management. We primarily rely on internal resources, leveraging our existing capabilities to navigate through challenges.

Jesper Schwall: Are there instances where Rieckermann has repurposed existing resources into innovative products or solutions?

Philipp Staack: I can't speak to that directly as it's not within my area of responsibility, but I know that resource optimization is always a focus in our strategic discussions.

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

Jesper Schwall: Let's talk about sustainability. How is Rieckermann aligning its business model with sustainability initiatives?

Philipp Staack: We are currently running a significant internal innovation project that has components focusing on economic sustainability. The aim is to reduce our dependence on individual markets and partners, thereby making our business model more resilient.

Jesper Schwall: What external factors, such as environmental considerations or laws, influence Rieckermann's current business model?

Philipp Staack: While internal stakeholders are the biggest influencers, external factors like trade restrictions and political instability can also have a negative impact on our business model.

Section 6: Adaptability, Outcome, and Future Outlook

Jesper Schwall: My thesis underscores the adaptability of SMEs. How is Rieckermann, being a family-owned SME, positioning itself to be adaptable in changing business landscapes?

Philipp Staack: We conduct annual planning cycles that serve as a basis for reviewing our current strategies. Additionally, our younger owner generation is more open to new ideas, which makes the organization more adaptable.

Jesper Schwall: What outcomes do you anticipate from Business Model Innovation, especially in terms of value creation and economic viability?

Philipp Staack: It's difficult to predict the final outcome, but the revised focus should enable us to react more quickly to industrial innovation changes, which is ultimately the driver behind a successful business model for Rieckermann.

Jesper Schwall: Lastly, what would be your long-term vision for Rieckermann's business model?

Philipp Staack: The long-term vision is to further increase our independence from third parties, maintain a strong presence in viable markets, and focus on sizeable activities that align with our core competencies.

Jesper Schwall: Can you name at least 2 aspects Rieckermann should consider when adapting its business model towards a more sustainable approach?

Philipp Staack: In general understand that a revised business model requires a change of mind of people (or change of people). Furthermore, as Rieckermann will continue to operate with partners, ensure that these partners are on eye-level where possible in order to establish partnership and not dependencies.

Conclusion

Jesper Schwall: Mr. Staack, I want to express my sincere gratitude for your valuable time and insights today. The information you've provided will be instrumental in shaping my Master's thesis. I will keep you updated on the progress and how your contributions will be integrated into the research.

Philipp Staack: You're welcome, Jesper. I look forward to reading your completed thesis and wish you the best in your academic endeavors.

Transcript of Interview with Volker Boehnke, MD of HRD Hanseatic GmbH and Member of the Advisory Board

Introduction

Jesper Schwall: Good afternoon, Mr. Boehnke. Thank you for taking the time to join me today. I'm Jesper Schwall, currently pursuing my Master's degree at Nova School of Business and Economics. My academic focus is on Business Model Innovation and Sustainability. I'm particularly interested in understanding these aspects in the context of Rieckermann. With your permission, I'd like to record this interview for my research.

Volker Boehnke: Absolutely, Jesper. I'm pleased to contribute to your academic research. Please go ahead and record the interview.

Section 1: Insights from the Interviewees

Jesper Schwall: Excellent, let's begin. Could you please provide a detailed overview of your role and responsibilities within Rieckermann?

Volker Boehnke: Certainly. I serve as the Managing Director of HRD Hanseatic GmbH and am also a member of the Advisory Board at Rieckermann. My role is quite multifaceted, involving strategic oversight and governance within the organization.

Section 2: Current Business Model and its Evolution

Jesper Schwall: That indeed sounds like a role with a broad scope. Moving on, could you elaborate on the key components that define Rieckermann's current business model?

Volker Boehnke: Of course. At its core, Rieckermann acts as an agent for top-tier European Machine Manufacturers. We specialize in trading machines and offering technical after-sales services, primarily in the Far East, Southeast Asia, and the Middle East.

Jesper Schwall: That's a focused approach. How has this model evolved or adapted over the years?

Volker Boehnke: Well, due to a decline in our supplier base, we've had to rethink our strategy. We've shifted our focus towards developing our own value-adding services, particularly in the realms of Technical Services and Engineering. This has led us to trade complete processing lines instead of just individual machines.

Jesper Schwall: That's a significant shift. How do you feel about the pace of this transformation?

Volker Boehnke: To be honest, I think we've been too cautious. The pace of change has been slower than what the market demands, and that's a concern for us.

Jesper Schwall: What would you say are the most significant limitations or constraints you've encountered in this evolving business model?

Volker Boehnke: The primary limitation has been management's hesitancy in steering this change effectively. Additionally, we've been somewhat resistant to letting go of old habits and perhaps retaining personnel who are not aligned with our new direction.

Section 3: Business Model Innovation and SMEs

Jesper Schwall: That's quite insightful. Let's delve into Business Model Innovation. How would you define this concept?

Volker Boehnke: Business Model Innovation is essentially a modernization effort. It involves changing the business model for the better and adapting operational processes to align with that change. It's not just about new products or services; it's about rethinking how we create value.

Jesper Schwall: Given the evolving landscape, why do you think business model innovation is crucial for Rieckermann at this juncture?

Volker Boehnke: Innovation is not a luxury; it's a necessity for survival. The business environment is constantly changing, and if we don't adapt, we risk becoming obsolete.

Jesper Schwall: What would you identify as the key drivers and challenges for business model innovation within Rieckermann?

Volker Boehnke: The key drivers are undoubtedly the creation of a sense of urgency and getting everyone on board to act. On the flip side, the challenges often lie in the lack of leadership in certain

areas and an unwillingness to abandon loss-making business activities.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) – Innovation through Resource Allocation in Crises

Jesper Schwall: That's a balanced perspective. Switching gears a bit, how does Rieckermann allocate resources during crises?

Volker Boehnke: In times of crisis, we prioritize digitalization projects and process reviews. This involves a mix of existing staff, new hires, and external software support.

Jesper Schwall: Have there been instances where Rieckermann has repurposed existing resources into innovative products or solutions?

Volker Boehnke: Not as of yet, unfortunately. However, initial steps in that direction have been initiated by our top management and Innovation Hub.

Jesper Schwall: How does Rieckermann engage its network to mobilize external resources for business model alterations?

Volker Boehnke: To be frank, we haven't made significant progress in that area yet. It's something that's on our radar but hasn't been fully realized.

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

Jesper Schwall: Sustainability is a term that's often thrown around. How would you define it?

Volker Boehnke: In my view, sustainability is the cornerstone of Rieckermann's business success. It's about long-term planning, profitability, and fostering a work environment where staff see Rieckermann as their second family.

Jesper Schwall: That's a holistic view of sustainability. How do external factors like compliance and regulatory measures impact your business model?

Volker Boehnke: These factors often act as barriers. They consume time and resources without adding any real value to the company, which is a challenge.

Section 6: Adaptability, Outcome, and Future Outlook

Jesper Schwall: My research emphasizes the adaptability of SMEs. How is Rieckermann positioning itself to be adaptable?

Volker Boehnke: Our values speak for themselves: Quality, Commitment, Trust. And, of course, getting it right the first time. These principles guide us in remaining independent and creative, always with the customer's development in mind.

Jesper Schwall: What outcomes do you foresee from Business Model Innovation, particularly in terms of value creation and economic viability?

Volker Boehnke: It's difficult to predict with certainty, but the revised focus should enable us to react more swiftly to industrial innovation changes. This adaptability is crucial for the sustainability and profitability of the company.

Jesper Schwall: Lastly, could you name at least two aspects Rieckermann should consider when adapting its business model towards a more sustainable approach?

Volker Boehnke: Absolutely. First, understand that a revised business model requires a change in mindset or even personnel. Second, as we continue to operate with partners, it's essential to establish partnerships rather than dependencies.

Conclusion

Jesper Schwall: Thank you, Mr. Boehnke, for your invaluable insights. Your input will significantly contribute to my Master's thesis. I'll keep you updated on the progress and how your perspectives are integrated into the research.

Volker Boehnke: You're welcome, Jesper. I look forward to seeing how your research unfolds. Good luck.

Transcript of Interview with Matthias Weitert, Managing Director of Rieckermann GmbH and Part of the Group Coordination Board

Interviewer: Jesper Schwall, Master Student at Nova SBE

Introduction

Jesper Schwall: Good afternoon, Mr. Weitert. I appreciate you taking the time to engage in this interview. I'm Jesper Schwall, currently pursuing my Master's degree at Nova School of Business and Economics. My research is centered on Business Model Innovation and Sustainability. For the purpose of academic rigor, may I record our conversation?

Matthias Weitert: Of course, Jesper. I'm pleased to participate and contribute to your academic endeavors. You have my permission to record the interview.

Section 1: Insights from the Interviewees

Jesper Schwall: Thank you for your consent. Let's start by setting the stage. Could you provide a detailed overview of your role and the scope of your responsibilities within Rieckermann?

Matthias Weitert: Certainly. As the Managing Director of Rieckermann GmbH, my role is multi-faceted. I oversee strategic planning, operational activities, and also serve on the Group Coordination Board. This involves liaising with various business units to ensure alignment with our corporate strategy.

Section 2: Current Business Model and its Evolution

Jesper Schwall: That sounds like a comprehensive set of responsibilities. Now, let's delve deeper into Rieckermann's business model. Could you elaborate on its foundational elements?

Matthias Weitert: Absolutely. At its core, Rieckermann is an industrial solution provider. We specialize in offering tailor-made solutions to our clients, covering a range of industries. Our services span the entire project lifecycle, from initial design to final installation and even post-installation warranty services.

Jesper Schwall: How has this model evolved, especially in recent years?

Matthias Weitert: The evolution has been quite significant. Our transformation program has shifted our focus from being country-centric to being led by industry-specific needs. This has allowed us

to engage in more complex projects that require a multi-disciplinary approach, involving engineering, technical services, and local content.

Jesper Schwall: Could you share some personal reflections on how you've experienced this transformational journey?

Matthias Weitert: Certainly. While the transformation is ongoing, I've observed that our industry strategies are becoming more focused and coherent. Particularly, our engineering product line is gaining more attention and integration within our sales strategies.

Jesper Schwall: What would you identify as the most significant limitations or challenges in the current model?

Matthias Weitert: The primary challenge lies in the mindset of our sales team. Many still operate with the traditional agent mindset, which hinders our transition to being comprehensive solution providers. This is an area where we need to invest in training and development.

Section 3: Business Model Innovation and SMEs

Jesper Schwall: That's a crucial point. Moving on to Business Model Innovation, how would you conceptualize it in the context of Rieckermann?

Matthias Weitert: Business Model Innovation is essentially a strategic rethinking of how we create, deliver, and capture value. It's about adapting or even disrupting our existing business model to meet new market demands or to leverage emerging opportunities.

Jesper Schwall: Why is this imperative for Rieckermann at this juncture?

Matthias Weitert: Given that we're in the midst of a transformation, innovation becomes a cornerstone for our future success. It's not just about product offerings; it's also about exploring new geographic markets and forming strategic partnerships, such as joint ventures or investments.

Jesper Schwall: In your opinion, what are the key drivers and potential barriers to business model innovation, especially considering Rieckermann is a family-owned SME?

Matthias Weitert: The key drivers include competitive advantage and operational efficiency. On the flip side, potential barriers could be cultural resistance to change and the lack of effective communication mechanisms to disseminate these changes across the organization.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) – Innovation through Resource Allocation in Crises

Jesper Schwall: Very insightful. Now, let's talk about crisis management. How does Rieckermann allocate resources during crises?

Matthias Weitert: The allocation is quite flexible and is determined by the nature and scale of the crisis. For instance, during our transformation program, we engaged external consultants to provide specialized expertise.

Jesper Schwall: Have there been instances where Rieckermann repurposed existing resources for innovative solutions?

Matthias Weitert: Yes, we've had internal working groups focusing on innovation. A colleague recently completed his thesis on innovation processes, and we plan to integrate these insights into our future resource allocation strategies.

Jesper Schwall: How does Rieckermann engage its network to mobilize external resources for business model alterations?

Matthias Weitert: For structured programs like our ongoing transformation, we've engaged external consulting firms. In terms of IT systems, we've also sought external expertise.

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

Jesper Schwall: Shifting gears a bit, let's discuss sustainability. How is Rieckermann aligning its business model with sustainability projects?

Matthias Weitert: Sustainability is integral to our long-term strategy. While we don't manufacture goods, we strive to offer energy-efficient solutions and actively engage in environmental projects.

Jesper Schwall: Could you elaborate on the impact of external factors like laws and stakeholder interests on your business model?

Matthias Weitert: These factors may require us to adapt our product and service offerings, but the core of our business model remains consistent.

Section 6: Adaptability, Outcome and Future Outlook

Jesper Schwall: Lastly, how is Rieckermann positioning itself to be adaptable?

Matthias Weitert: Through our ongoing transformation process and by monitoring trends in our focus industries, we aim to adapt according to market maturity.

Jesper Schwall: What outcomes do you foresee from Business Model Innovation?

Matthias Weitert: Innovation is a constant necessity. The right innovations will create value, although immediate economic viability may vary.

Jesper Schwall: Your long-term vision for Rieckermann?

Matthias Weitert: To continue as described in Section 2, but with added focus on investments, partnerships, and a strong emphasis on market research to recognize trends, especially in environmental and energy-efficient technologies.

Jesper Schwall: Thank you, Mr. Weitert, for your invaluable insights. Your input will significantly contribute to my Master's thesis. I'll keep you updated on the progress and how your perspectives are integrated into the research.

Matthias Weitert: You're welcome, Jesper. I look forward to seeing how your research unfolds. Good luck.

Transcript of Interview with Willie Tan, Group CFO at Rieckermann

Section 1: Insights from the Interviewees

Jesper Schwall: Good morning, Mr. Tan. We appreciate you joining us today. For the record, could you please state your full name, your role, and the responsibilities you hold within Rieckermann?

Willie Tan: Good morning. My name is Willie Tan, and I am the Group Chief Financial Officer at Rieckermann. In my role, I oversee a broad range of functions that include group corporate finance, controlling, IT, and business organization. Additionally, I handle legal aspects, which primarily involve corporate governance.

Section 2: Current Business Model and its Evolution

Jesper Schwall: Thank you for that introduction. Now, let's delve into Rieckermann's business model. Could you describe the key components that define it?

Willie Tan: Certainly. Our business model is structured around three core components. Firstly, we have the strategic direction and management oversight, which is the responsibility of the Coordination Board, coupled with financial accountabilities. Secondly, the strategic, tactical, and management aspects at the industry level are managed globally by the Head of Industry, who also holds global financial accountabilities. Lastly, the tactical and operational management at the country level, including financial responsibility, is managed by the Head of Country. The JR2025 initiative has been a transformative force for us, setting a clear direction towards building the Rieckermann brand beyond just trading, aiming to become a comprehensive Industrial Solution provider.

Jesper Schwall: It's interesting to hear about the strategic layers in your model. How has this model evolved or changed over the years?

Willie Tan: The evolution has been quite dynamic. The role of the Head of Industry, for instance, was a recent introduction from the JR2025 strategy. It's a significant shift, emphasizing the need for a unified strategy and a tailored portfolio that aligns with both the group's and the individual

country's needs. This change is substantial, and we are actively working through the intricacies of its day-to-day implementation.

Jesper Schwall: And from your perspective, having joined during these changes, how have you experienced this evolution?

Willie Tan: Joining Rieckermann during such a pivotal time has been an enlightening experience. While I don't have the historical context of the previous model, my focus has been on understanding and contributing to the current changes. It's been about embracing the new direction and working through the challenges it presents.

Jesper Schwall: In light of these changes, what limitations or constraints have become apparent within the current business model?

Willie Tan: The most apparent limitation is the complexity of decision-making. It's become a more elongated process. For example, a country manager overseeing multiple industry segments must synchronize with each Head of Industry. When we're faced with a critical decision, it involves a layered dialogue among various stakeholders, including the country manager, the Coordination Board members responsible for the country and industry, the Head of Industry, and myself as the CFO. It requires a concerted effort to ensure alignment and effective decision-making.

Section 3: Business Model Innovation and SMEs

Jesper Schwall: Let's shift our focus to innovation. How would you define Business Model Innovation within the context of Rieckermann?

Willie Tan: Business Model Innovation, to me, is about questioning and challenging our current market position. It's about assessing our relevance, identifying our niche, and determining how we can secure our future in the market. It's a continuous process of adapting and evolving to remain competitive and valuable to our clients.

Jesper Schwall: Given the importance of innovation, why do you think it's crucial for Rieckermann to innovate its business model at this juncture?

Willie Tan: Innovation is the lifeline of our business. It's essential for maintaining and growing our revenue streams, ensuring profitability, and, frankly, for our survival. The market doesn't stand still, and neither can we. Innovation is how we stay ahead and ensure our long-term presence in the industry.

Jesper Schwall: Considering the thesis's focus on SMEs, what drives business model innovation at Rieckermann?

Willie Tan: There are several drivers. We're seeing a shift in the supply chain with more cost-effective machines emerging from Asia. The digital landscape has also changed with search engines and AI removing traditional barriers, and globalization has altered the competitive field. These factors compel us to innovate continuously.

Jesper Schwall: And what barriers or challenges do you foresee in implementing these innovations?

Willie Tan: The challenges are diverse. Ensuring that the message of change is communicated effectively to every level of the organization is a primary concern. We also need to consider our human capital; as the market evolves, we must ensure our team's skills evolve with it. And naturally, there's resistance to change, which is a universal challenge in any organization.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) - Resource Allocation in Crises

Jesper Schwall: In crisis situations, how does Rieckermann allocate resources, and what types of resources are these?

Willie Tan: Crises demand agility in resource allocation. During the COVID-19 lockdown, for instance, we redirected our key human resources to focus on the JR2025 projects. Remote working technologies like MS Teams enabled us to collaborate effectively, allowing us to dissect the JR2025 white paper into actionable projects and workgroups.

Jesper Schwall: Could you provide examples of how Rieckermann has repurposed existing resources for innovative outcomes?

Willie Tan: Certainly. We've made strategic partnerships, like with HP, to position ourselves as a global partner. We've also directed our industry focus towards sustainable trends and invested in new initiatives that promise growth and innovation.

Jesper Schwall: How does Rieckermann engage its network to mobilize external resources for business model alterations?

Willie Tan: We've engaged with external consultants to bring in fresh perspectives and expertise, particularly for the JR2025 strategy. This has been instrumental in complementing our internal efforts and driving innovation.

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

Jesper Schwall: With sustainability being a pivotal concern, how is Rieckermann aligning its business model with sustainability projects?

Willie Tan: We're aligning with market trends by focusing on sustainable technologies. This alignment is gradual but deliberate, as we recognize the importance of sustainability in our industry.

Jesper Schwall: Lastly, how do external factors like environmental laws and stakeholder interests influence your business model?

Willie Tan: These factors significantly influence our operations. Environmental laws, for instance, are pushing the industry towards green technologies. The rise of quality yet affordable equipment from Asia is reshaping our strategies. Upskilling our long-standing sales team to meet today's customer demands and adopting new IT technologies are also critical areas influenced by external factors.

Jesper Schwall: Mr. Tan, your insights have been incredibly informative. Thank you for sharing your time and thoughts with us.

Willie Tan: It's been my pleasure. Thank you for the opportunity to discuss Rieckermann's journey and our vision for the future.

Transcript of Interview with Baktas Dost, Head of Group Finance & Controlling at Rieckermann

Section 1: Insights from the Interviewees

Jesper Schwall: Good morning, Mr. Dost. It's a pleasure to have you with us. To start, could you please introduce yourself, detailing your role and the scope of your responsibilities at Rieckermann?

Baktas Dost: Good morning, and thank you for having me. I'm Baktas Dost, the Head of Group Finance & Controlling at Rieckermann. My responsibilities encompass a wide array of financial aspects such as financial reporting, planning, which includes budgeting and forecasting, business intelligence, performance measurement through various KPIs, business analysis, and overseeing project management.

Section 2: Current Business Model and its Evolution

Jesper Schwall: Thank you, Mr. Dost. Moving on to Rieckermann's business model, could you elaborate on its key components?

Baktas Dost: Of course. Our business model is multifaceted. We provide engineering services, including industrial project consultancy, master planning, conceptual design, and both basic and detailed engineering. We also engage in trading machines, including procurement, equipment supply, and project management. Additionally, we handle trading commodities and offer after-sales services like technical service, site inspection, installation, commissioning, and training. Lastly, we provide lifecycle services, ensuring support throughout the entire lifespan of the equipment we supply.

Jesper Schwall: It sounds like a comprehensive suite of services. How has this business model evolved during your tenure?

Baktas Dost: Over the past six years, I've witnessed Rieckermann's transition from a traditional trading company to one that offers integrated solutions. We've expanded our services to encompass turnkey projects, providing clients with a value that extends beyond equipment supply. This evolution has involved venturing into new business areas, such as Rieckermann Trade Finance and Global Technical Services, which complement our existing industry branches.

Jesper Schwall: That's quite a shift. How have you personally experienced these changes?

Baktas Dost: The changes have been palpable. The shift in our business model has necessitated changes in organizational structures and strategies. We've moved from a country-driven to an industry-driven approach, where the Head of Industry is responsible for the performance and financial results within their sector. The acquisition of Synertec and the creation of the 'Head of Technical Services' role are examples of how we've integrated services into our overall business, aiming to transition from a classical trading to a project-related business.

Jesper Schwall: With such a dynamic business model, what do you see as the most significant limitations or constraints?

Baktas Dost: Competition is a significant factor. We face traditional competitors, like other trading companies, and potential 'generic' competitors, which include our current partners and suppliers. As these suppliers grow and potentially seek direct market access, we must adapt. Additionally, the improving quality of Asian manufacturers poses a challenge as they become formidable competitors to European suppliers. Political and trade instabilities, particularly in Asia, can also impact our business with immediate severity.

Section 3: Business Model Innovation and SMEs

Jesper Schwall: Turning to innovation, how would you define Business Model Innovation at Rieckermann?

Baktas Dost: Business Model Innovation is about developing new and effective ways to create, deliver, and capture value. It's a departure from traditional models, aiming to create a competitive edge or tap into new market opportunities. It's about rethinking how we operate and generate revenue to sustain and grow in the market.

Jesper Schwall: Why is this innovation particularly important for Rieckermann now?

Baktas Dost: It's critical for adapting to market dynamics, gaining a competitive advantage, diversifying revenue streams, and addressing sustainability goals. It enhances our customer value proposition and mitigates risks by ensuring we are in tune with market needs.

Jesper Schwall: In the context of Rieckermann, what are the key drivers for business model innovation?

Baktas Dost: Ideally, the drivers should be the owner family and the executive board. However, in reality, it's the management board that often initiates change. Unfortunately, there's a lack of established programs or incentives to foster business model innovation. Innovation requires a culture of critical thinking and curiosity, which in turn requires the right qualifications and know-how.

Jesper Schwall: What barriers or challenges do you anticipate in implementing business model innovation?

Baktas Dost: The main challenges are cultural and philosophical within the company. There's a need for a willingness to invest in intangible aspects and a need for company-wide and employee know-how.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) - Resource Allocation in Crises

Jesper Schwall: Regarding resource allocation in crises, how does Rieckermann currently manage this?

Baktas Dost: I must admit, I am not privy to specific details regarding resource allocations or reallocations in crisis situations.

Jesper Schwall: Have there been instances where Rieckermann has repurposed existing resources for innovative solutions?

Baktas Dost: I have not personally experienced any such instances during my time here.

Jesper Schwall: How does Rieckermann engage its network to mobilize external resources for business model alterations?

Baktas Dost: To my knowledge, there are no clear examples of this occurring within the company.

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

Jesper Schwall: How is Rieckermann aligning its business model with sustainability innovations or projects?

Baktas Dost: If we're discussing ecological sustainability, I'm not aware of specific initiatives. However, as a family business, economic sustainability has always been a cornerstone due to the focus on succession and long-term planning.

Jesper Schwall: Could you elaborate on the impact of external factors on Rieckermann's business model?

Baktas Dost: Certainly. Environmental regulations, sustainability demands, trade and export regulations, industry-specific regulations, and technological advancements all have a profound impact on our operations. These factors necessitate continuous adaptation of our business model to meet regulatory compliance, customer expectations, and to leverage technological innovations.

Section 6: Adaptability, Outcome and Future Outlook

Jesper Schwall: With the thesis highlighting the adaptability of SMEs, how is Rieckermann positioning itself in this regard?

Baktas Dost: Rieckermann excels at responding flexibly and hands-on to specific requirements. Our adaptability is one of our strengths.

Jesper Schwall: What outcomes do you foresee from business model innovation in terms of value creation and economic viability?

Baktas Dost: A successful BMI should lead to products and services that better meet customer needs, creating increased satisfaction and loyalty. It can also provide a competitive edge, open up new revenue streams, and foster new partnerships. For instance, our Global Technical Services and Rieckermann Trade Finance are examples of how we've leveraged BMI for new revenue streams and services.

Jesper Schwall: And finally, what is your long-term vision for Rieckermann's business model, especially regarding sustainability and adaptability?

Baktas Dost: The vision should focus on adapting to market and customer needs by refining our industry focus. For example, specializing in areas like bakery equipment in the Middle East or cheese production in China, where our deep process knowledge is a unique selling point.

Jesper Schwall: Could you name at least two aspects Rieckermann should consider when adapting its business model towards a more sustainable approach?

Baktas Dost: For ecological sustainability, employee training on sustainable practices is key. For economic sustainability, fostering innovation, developing skilled business development teams, and promoting a culture of critical questioning are essential.

Conclusion

Jesper Schwall: Mr. Dost, your insights have been invaluable. Thank you for sharing your expertise with us.

Baktas Dost: It's been my pleasure. Thank you for the opportunity to discuss these important aspects of Rieckermann's business strategy.

Transcript of Interview with Daniel Quah, Assistant Division Manager for Strategic Marketing at Rieckermann

Section 1: Insights from the Interviewees

Jesper Schwall: Good day, Mr. Quah. We appreciate you taking the time to speak with us. Could you begin by sharing your name, role, and responsibilities within Rieckermann?

Daniel Quah: Good day to you as well. I'm Daniel Quah, serving as the Assistant Division Manager for Strategic Marketing at Rieckermann. My role orbits around the generation of innovative ideas, conducting thorough industry and market analysis, developing strategic directions, and fostering business development.

Section 2: Current Business Model and its Evolution

Jesper Schwall: Thank you for that introduction. Let's delve into the core of Rieckermann's business model. Could you detail its key components for us?

Daniel Quah: Certainly. Our business model is fundamentally anchored in our relationships with suppliers, makers, and principals. It's a robust framework that supports our trading activities across six key industries. Despite the evolving market, our core remains steadfast in trading and providing industry-specific solutions.

Jesper Schwall: How have you observed the evolution of Rieckermann's business model over the years?

Daniel Quah: While our core is still trading within our established industries, I've noticed a shift in our approach to conducting business. We're transitioning from a traditional sales model to a more nuanced business development and project development approach. This evolution is spearheaded by initiatives like the 'complex project' strategy, although we remain deeply rooted in trading.

Jesper Schwall: In your perspective, what are the most significant limitations or constraints in the current business model?

Daniel Quah: There are a few critical constraints. Firstly, there's a tendency to cling to exclusivity and past successes, which can hinder our willingness to adopt new methodologies. We're also quite supplier-oriented, which can sometimes limit our strategic flexibility. Moreover, strategies often emerge from individual industries rather than from a cohesive group perspective, which can distance us from market realities.

Section 3: Business Model Innovation and SMEs

Jesper Schwall: Moving on to innovation, how would you define Business Model Innovation?

Daniel Quah: Business Model Innovation, as I learned from Alex Osterwalder, involves challenging and changing the status quo of one or more of the nine micro elements in our business model. These elements include key partners, activities, resources, value propositions, customer

relationships, channels, customer segments, cost structure, and revenue streams. The ultimate goal of this innovation is to enhance our money-making logic and market share.

Jesper Schwall: Why is business model innovation critical for Rieckermann at this juncture?

Daniel Quah: Business model innovation is always crucial, but it's particularly vital now. Had we started this process years ago, we would be reaping the benefits, especially during the pandemic. Our traditional business model no longer fits perfectly with the market, especially in a post-internet, post-pandemic world. Thus, innovation is more crucial than ever to maintain our market fit.

Jesper Schwall: What do you see as the key drivers for business model innovation within Rieckermann?

Daniel Quah: From my vantage point, the main drivers are strategy and culture, supported by sub-drivers like leadership, organizational design, and innovation practices. These elements are fundamental to steering the company towards innovative horizons.

Jesper Schwall: What potential barriers or challenges do you foresee in implementing business model innovation?

Daniel Quah: Each family-owned SME has its unique set of challenges, so a broad assessment is necessary. For Rieckermann, the challenges are likely to be the inverse of our drivers: leadership motivation, a dedicated innovation team, resistance from current stakeholders, a short-term focus on results, and the empowerment of operational teams to execute innovative strategies.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) - Resource Allocation in Crises

Jesper Schwall: How does Rieckermann currently allocate resources in crisis situations?

Daniel Quah: [The interviewee did not provide an answer to this question.]

Jesper Schwall: Are there examples where Rieckermann has repurposed existing resources for innovative solutions?

Daniel Quah: [The interviewee did not provide an answer to this question.]

Jesper Schwall: How does Rieckermann engage its network to mobilize external resources for business model alterations?

Daniel Quah: [The interviewee did not provide an answer to this question.]

Jesper Schwall: Regarding sustainability, how is Rieckermann aligning its business model with sustainability innovations or projects?

Daniel Quah: To my knowledge, the only project that aligns with sustainability at Rieckermann is project JR2025. Beyond that, I'm not aware of any specific sustainability innovations or projects.

Jesper Schwall: Could you comment on the impact of external factors on Rieckermann's business model?

Daniel Quah: Unfortunately, I'm unable to provide further details on this matter.

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

Jesper Schwall: How does Rieckermann plan to integrate sustainability into its future business model?

Daniel Quah: I'm not privy to detailed plans regarding the integration of sustainability into our business model.

Section 6: Adaptability, Outcome and Future Outlook

Jesper Schwall: The adaptability of SMEs is a focus of the thesis. How is Rieckermann positioning itself to be adaptable in the changing business landscape?

Daniel Quah: I'm not certain which thesis you're referring to, but Rieckermann has been searching for the 'sweet spot' in adaptability. From my observations, the company has yet to find it and may not do so in the near future.

Jesper Schwall: What outcomes do you anticipate from business model innovation in terms of value creation and economic viability?

Daniel Quah: If you're referring to Rieckermann, the process of creating value and achieving economic viability seems to be more about survival at the moment rather than rapid growth or profitability.

Jesper Schwall: What is your long-term vision for Rieckermann's business model, especially in terms of sustainability and adaptability?

Daniel Quah: Personally, if Rieckermann could apply even 80% of the principles of business model innovation, I believe the company would not only survive but excel after the third year.

Jesper Schwall: Lastly, could you name at least two aspects Rieckermann should consider when adapting its business model towards a more sustainable approach?

Daniel Quah: Leadership and culture are paramount. Without strong leadership and a culture that embraces change, any attempts at sustainability will likely falter.

Conclusion

Jesper Schwall: Thank you, Mr. Quah, for your candid insights. Your perspective is invaluable to understanding the intricacies of Rieckermann's strategic direction.

Daniel Quah: It's been my pleasure. I hope my thoughts contribute to a greater understanding of the challenges and opportunities we face.

Transcript of Interview with Fabian Pieteris, Commercial Director at Rieckermann

Section 1: Introduction and Role

Interviewer: Mr. Pieteris, we appreciate your participation in this interview. Could you please introduce yourself and describe your role at Rieckermann?

Fabian Pieteris: Certainly. My name is Fabian Pieteris, and I serve as the Commercial Director at Rieckermann. My responsibilities are quite broad, encompassing the leadership of several departments, including Order Processing, Logistics, Finance and Accounting, as well as Human Resources and Administration. My role primarily orbits around our Procurement Center in Hong Kong and our operations in China.

Section 2: Business Model Dynamics

Interviewer: Moving to Rieckermann's business model, can you detail its key components and its evolution?

Fabian Pieteris: Rieckermann acts as a strategic intermediary, bridging DACH/EU technology providers with diverse markets in Far East Asia, South East Asia, and the Middle East. We offer a full spectrum of services, from facility engineering and production layout planning to machinery procurement and after-sales services. Over time, we've sought to enhance our value proposition by

integrating additional services that complement traditional machine sales. This evolution has been both necessary and challenging, particularly in industries where we must establish new expertise and reputation. It's a continuous process of educating our sales teams to recognize and embrace adjacent products and services as potential new offerings.

Interviewer: What are the primary constraints you face within the current business model?

Fabian Pieteris: The most significant constraint is maintaining the indispensable value Rieckermann provides in the face of technology providers who might choose to engage markets directly, thanks to increased market transparency and advanced communication technologies. It's imperative that the value we add is not easily replicable.

Section 3: Business Model Innovation

Interviewer: How would you define Business Model Innovation in the context of Rieckermann?

Fabian Pieteris: Business Model Innovation is the process of creating new or significantly revising existing business models to be considered innovative within our organization. It's a critical endeavor as traditional business models are prone to becoming outdated, replicated, or internalized by competitors.

Interviewer: What drives business model innovation at Rieckermann?

Fabian Pieteris: The key drivers for innovation are the diminishing returns from our traditional business model, which necessitate new models that leverage our knowledge arbitrage and address customer pain points more effectively. This requires a culture of open-mindedness, rethinking

organizational needs to support the new business model, and fostering collaboration across the group without being hindered by existing structures or boundaries.

Interviewer: What barriers or challenges do you foresee in implementing business model innovation?

Fabian Pieteris: The challenges are primarily internal, including slow or non-existent decision-making, lack of execution, and resistance to change among employees. Overcoming these challenges is essential for successful innovation.

Section 4: Resource Allocation in Crises

Interviewer: How does Rieckermann allocate resources during crises?

Fabian Pieteris: In crisis situations, we first assess if we have the necessary in-house resources with the required know-how. If not, we seek external support. For example, during the JR2025 initiative, project leaders had the autonomy to form their teams across entities, tapping into diverse internal resources.

Interviewer: How does Rieckermann utilize its network for business model alterations?

Fabian Pieteris: Our external network is primarily engaged for benchmarking, best practice comparisons, and specialized consultations in areas like legal, tax, and auditing.

Section 5: Sustainability and Business Model Alignment

Interviewer: How is Rieckermann aligning its business model with sustainability?

Fabian Pieteris: Our alignment with sustainability is market-driven, where the cost of unsustainable practices becomes a factor in product pricing. Governmental regulations are a

significant external influence, especially in the environmental sector, where the economics of recycling technologies are challenging without supportive regulations.

Interviewer: How does Rieckermann plan to integrate sustainability into its future business models?

Fabian Pieteris: We focus on building long-term, sustainable relationships with our customers. By promoting emerging technologies like recycling early on, we position ourselves as a go-to industrial solution provider when regulatory focuses shift.

Section 6: Adaptability and Future Outlook

Interviewer: How is Rieckermann adapting to the changing business landscape?

Fabian Pieteris: We prioritize training and recruiting open-minded staff who can contribute to a broader vision. We also focus on identifying and optimizing resources across the group to form a cohesive, innovative team capable of decisive action.

Interviewer: What outcomes do you expect from Business Model Innovation?

Fabian Pieteris: The outcomes should revolve around creating value and ensuring economic viability. This involves validating new business models early and scaling them in promising markets to gain group-wide acceptance.

Interviewer: What is your long-term vision for Rieckermann's business model?

Fabian Pieteris: My vision is a business model that not only survives but thrives on sustainability and adaptability. We aim to foster a culture of action and avoid adding positions that do not contribute to our innovative efforts.

Interviewer: Can you suggest aspects Rieckermann should consider for a sustainable business model?

Fabian Pieteris: Certainly. We should validate business models early and pilot them in promising markets as proof of concept. Successful models are likely to be adopted quickly across the group, enhancing our overall sustainability and adaptability.

Interviewer: Mr. Pieteris, your insights have been invaluable. Thank you for sharing your expertise with us.

Fabian Pieteris: It's been my pleasure. I trust these insights will be instrumental in understanding Rieckermann's strategic direction and our commitment to innovation and sustainability.

Transcript of Interview with Flynn Seidel, Family-Owner of Rieckermann and Director of Strategic Business Development, Rieckermann

Section 1: Insights from the Interviewees

Jesper Schwall: Good afternoon, Mr. Seidel. I appreciate your willingness to engage in this discussion. To start, could you introduce yourself and describe your role and responsibilities at Rieckermann?

Flynn Seidel: Good afternoon, Jesper. I'm Flynn Seidel, serving as the Director of Strategic Business Development at Rieckermann. My role encompasses a broad range of responsibilities, primarily focused on shaping and guiding the long-term strategy of our group. This involves not only the conceptualization of these strategies but also actively monitoring and aiding their execution, particularly through initiatives in new business development.

Section 2: Current Business Model and its Evolution

Jesper Schwall: That's quite an integral role. Shifting our focus to Rieckermann's business model, could you provide a detailed explanation of its core components?

Flynn Seidel: Absolutely. At its core, Rieckermann's business model is centered around providing comprehensive industrial services. Our focus is on meeting the diverse needs of our clients, particularly in Asia, to ensure their industrial operations run efficiently and effectively. This model is a cornerstone of our approach to business, ensuring we deliver value consistently.

Jesper Schwall: How has this model evolved or transformed over time?

Flynn Seidel: The evolution of our business model has been significant. We've transitioned from our origins as a trading company to our current status as a service provider. This shift represents a fundamental change in how we approach our market and interact with our clients, moving from a transactional to a more service-oriented approach.

Jesper Schwall: Could you share your personal experience or observations regarding this transition?

Flynn Seidel: While I wasn't directly involved in the company during its earlier phase as a machine trader, I have been deeply engaged in the ongoing process of refining and implementing this strategic shift. My experience has been focused on ensuring that the transition is smoothly integrated into our current business operations and culture.

Jesper Schwall: In light of this, what limitations or challenges does the current business model present?

Flynn Seidel: One of the primary challenges is the scale and complexity of the infrastructure required to provide our extensive range of services. This necessitates significant overhead costs, which in turn requires a strategic approach to market diversification. We need to ensure that our services are not only comprehensive but also financially sustainable, covering the breadth of our fixed costs.

Section 3: Business Model Innovation and SMEs

Jesper Schwall: Moving to a broader perspective, how would you define the concept of Business Model Innovation?

Flynn Seidel: Business Model Innovation, in my view, is about rethinking the way we create, deliver, and capture value. It's a process that involves not just tweaking existing models but exploring entirely new avenues for business, whether that's entering new markets, developing new services, or optimizing current operations for greater efficiency and effectiveness.

Jesper Schwall: Why is this concept particularly relevant to Rieckermann at this juncture?

Flynn Seidel: For a company like Rieckermann, Business Model Innovation is vital for several reasons. Primarily, it's about maintaining our competitive edge in a rapidly changing market. Given that we don't manufacture products or hold patents, our strength lies in our ability to adapt – to find and sell the right products and business models in the right markets. This adaptability is key to our continued success.

Jesper Schwall: In the context of Rieckermann, what drives the need for innovation in your business model?

Flynn Seidel: The drivers for innovation in our business model are multifaceted. They include the ever-evolving market dynamics, technological advancements, and the changing needs of our customers. Staying attuned to these factors is crucial for us to remain relevant and effective in our industry.

Jesper Schwall: What barriers or challenges might you foresee in implementing these innovations?

Flynn Seidel: As a family-owned SME, we face unique challenges. These include constraints in resources, potential resistance to change within the organization, and a need to build upon our experience in new areas of business. Overcoming these barriers is essential for successful innovation.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) - Resource Allocation in Crises

Jesper Schwall: Turning our attention to crisis management, how does Rieckermann allocate resources during such times?

Flynn Seidel: In times of crisis, our approach to resource allocation is critical. We focus on the strategic reallocation of our internal resources, such as those in Business Development, to areas where they are most needed. Additionally, we leverage external resources, including specific consultants, through our network of partnerships, ensuring a comprehensive response to any crisis.

Jesper Schwall: Could you tell from examples where Rieckermann has repurposed existing resources into innovative products or solutions?

Flynn Seidel: Not directly. We rather shift more resources in innovation scanning and business development naturally without repurposing. We rather set a higher focus on those topics then.

Jesper Schwall: And how does Rieckermann engage its network to mobilize external resources for business model alterations?

Flynn Seidel: To say quickly, Rieckermann's engagement of its network to mobilize external resources for business model adjustments might be mainly based on partnerships, supplier relationships, and industry connections. But for now, these also has not been used too excessive.

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

Jesper Schwall: How does Rieckermann integrate sustainability into its business model?

Flynn Seidel: Sustainability is increasingly becoming a key component of our business model. This involves a strategic alignment of our services and products, particularly focusing on renewable equipment and markets that have a significant impact on sustainability and innovation. We're also exploring environmentally conscious procurement practices as part of this alignment.

Jesper Schwall: Could you delve into the impact of external factors like environmental regulations and stakeholder interests on your business model?

Flynn Seidel: External factors play a significant role in shaping our business model. This includes compliance with local laws and regulations, which can vary significantly across the regions we operate in. Additionally, the interests and expectations of our stakeholders, including customers, employees, and partners, are crucial in guiding our strategic decisions. These factors collectively influence the direction and development of our business model.

Jesper Schwall: Given that the thesis posits both challenges and opportunities in incorporating sustainability, how does Rieckermann plan to further integrate sustainability into its business strategy?

Flynn Seidel: Our future strategy for sustainability is multi-faceted. It includes conducting thorough sustainability audits to identify areas for improvement, setting clear and measurable goals for reducing our environmental impact, and adopting green technologies. We're also focused on sourcing materials ethically and sustainably, developing eco-friendly products and services, and fostering a culture of sustainability among our employees. Communicating these efforts to our stakeholders and monitoring our progress through key performance indicators are also part of this comprehensive approach.

Section 6: Adaptability, Outcome and Future Outlook

Jesper Schwall: Finally, how is Rieckermann adapting to the changing business landscape, especially as a family-owned SME?

Flynn Seidel: Adaptability is key for us. We rely on a flat organizational structure, which allows for agility and quick decision-making. Our processes are designed to be flexible, enabling us to respond rapidly to market changes. Additionally, fostering an open innovation climate within the company is crucial for encouraging new ideas and approaches, ensuring that we remain at the forefront of our industry.

Jesper Schwall: What outcomes do you anticipate from these business model innovations?

Flynn Seidel: The outcomes we anticipate are multifaceted. Primarily, we expect to see an increase in our competitiveness, an enhancement in customer experience, and a trajectory towards sustainable growth. These are critical components for our long-term success and viability.

Jesper Schwall: And what is your long-term vision for Rieckermann's business model, especially in terms of sustainability and adaptability?

Flynn Seidel: Our long-term vision is to seamlessly integrate sustainability initiatives into every aspect of our business. This includes a stronger focus on customer orientation and leveraging emerging technology trends. A key aspect of this vision is adopting clean technology, which we believe will provide us with a competitive edge in the market.

Jesper Schwall: Could you highlight a couple of key aspects Rieckermann should focus on for a more sustainable business model?

Flynn Seidel: Certainly. A major focus should be on improving our resource efficiency, ensuring that we use our resources in the most effective and sustainable way possible. Additionally, transparent communication with our stakeholders about our sustainability goals and efforts is essential. This transparency helps build trust and aligns our stakeholders with our sustainability journey.

Conclusion

Jesper Schwall: Thank you very much, Mr. Seidel, for sharing your valuable insights and perspectives with us today.

Flynn Seidel: It's been my pleasure, Jesper. Thank you for the opportunity to discuss these important aspects of our business.

Interview Transcripts Industry Experts

Transcript of Interview with Oliver Schwall, CEO of Konzeptwerft GmbH and Company Consultant for BMI

Interviewer: Jesper Schwall, Master Student at Nova SBE

Section 1: Insights from the Interviewees

Interviewer: Thank you for joining us today. Could you please share your expertise and experience in the area of business model innovation?

Oliver Schwall: Certainly. My expertise in business model innovation spans various industries and includes the analysis and redesign of business models to achieve growth, efficiency gains, and competitive advantages. I have assisted companies in developing innovative approaches to increase revenue, identify new revenue streams, and execute digital transformations. My experience extends to both startups and established companies, and I am well-versed in common tools and methods for business model innovation.

Section 2: Understanding Business Model Innovation

Interviewer: How do you define business model innovation?

Oliver Schwall: In my personal view, business model innovation refers to the deliberate change and adaptation of how a company creates value, taps into market potentials, and reaches new customer segments. This could involve developing new products or services, altering the way resources are deployed, or redesigning customer relationships and distribution channels to enhance competitive advantages, growth, and profitability. Business model innovation often responds to changing market conditions, technologies, or customer needs and can encompass both small incremental adjustments and radical changes.

Interviewer: And from your viewpoint, what are the key components that create successful business model innovation (meaning, a change in a business model)?

Oliver Schwall: From my experience, successful business model innovation hinges on a holistic approach that blends strategic planning with operational execution. Clear objectives, such as

revenue growth or cost reduction, must be set from the outset. Customer needs should be understood and targeted, and a thorough market analysis is essential for identifying opportunities and challenges. Creativity and a culture of innovation are crucial for idea generation. Adequate resources must be allocated, and a well-defined implementation plan is necessary. Internal resistance should be identified and addressed, and measurable KPIs should be used to track progress. Effective communication and training are vital for stakeholder engagement, and risk management strategies should be in place. Lastly, customer feedback is invaluable for ongoing improvement.

Interviewer: That's a profound insight. It indeed sounds like a multifaceted process, where each component plays a crucial role in the larger picture of business innovation.

Oliver Schwall: Absolutely. The landscape of business is complicated, and when it comes to innovation, there's no one-size-fits-all. But with the right elements in place, businesses stand a strong chance at successful evolution and change.

Interviewer: Great. Speaking from your experience, what do you believe limits or restricts traditional business models and drives the need for innovation? (MOTIVATION FOR BMI)?

Oliver Schwall: Well, there a lot to choose from. In my opinion, traditional business models often encounter a range of limitations that can spur innovation. Increasing competition across various industries compels companies to find innovative ways to differentiate themselves and capture market share. In saturated markets, achieving growth through existing business models becomes challenging, requiring new approaches and innovations. Technological advancements open up new possibilities for transforming business models and enhancing efficiency. Over time, customer needs and preferences change, necessitating adjustments to business models. Regulatory shifts can

also impact business models, demanding innovative solutions for compliance. Globalization not only opens up new markets but also intensifies competition, requiring businesses to adapt their models for a global audience. The rising awareness of environmental and sustainability issues calls for innovative approaches to make business models more sustainable. Customers are increasingly expecting personalized, convenient, and seamless experiences, forcing companies to adapt their business models accordingly. The emergence of disruptive startups and new market players can threaten established business models, pushing companies towards adaptation. Lastly, the constant need for cost reduction and efficiency can motivate innovations within business models.

Section 3: Business Model Innovation and SMEs

Interviewer: Is business model innovation important for small and medium-sized enterprises (SMEs)? And why?

Oliver Schwall: Look, business model innovation isn't just for the big players; it's a game-changer for small and medium-sized enterprises, too. Why? Well, first off, let's talk competition. SMEs are often in the thick of it, and shaking up their business model can really set them apart, and give them that edge. And don't forget, SMEs are usually nimbler than the big corporations, so they can pivot quickly when the market shifts. That's where business model innovation comes in handy—it's like a toolkit for adapting to new conditions on the fly.

Now, think about growth. By tweaking their business model, SMEs can break into new markets and really increase their growth. Nevertheless, it's not just about expansion; it's also about fine-tuning the engine, optimizing processes, and making the most of resources to cut down costs. And let's not overlook the customer angle. SMEs can really dial into what their customers want and build strong, lasting relationships. That's gold in any business.

In today's fast-paced world, if you're not innovating, you're stagnating. SMEs that don't adapt could find themselves struggling in the long run. And, we're in a digital age, right? Business model innovation lets SMEs seize the opportunities that come with digital transformation. Plus, a fresh, innovative business model can catch the eye of investors and open doors to new financing options. So, all in all, business model innovation is like a Swiss Army knife for SMEs. It helps them stay competitive, adapt, grow, and even thrive in today's dynamic business landscape.

Interviewer: Thank you for these insights. Let us continue...Can you identify key drivers for business model innovations in family-owned SMEs?

Oliver Schwall: So, you're asking what really pushes family-owned and other SMEs to shake up their business models? Well, it's not a one-size-fits-all answer, but let me break it down for you. First off again, competition is fierce out there, right? So, these businesses have got to innovate to stand out from the crowd. Now, if you're talking family businesses, a change in generations can be a real game-changer. The new blood comes in with fresh ideas and wants to steer the ship differently.

And , do not forget about the customers. Their needs are always changing, so businesses have to keep up, or they'll lose out. Then there's tech; new tools and digital advancements can really help a business streamline and get ahead. Planning for the next generation? That's another biggie. You've got to future-proof your business model, especially when you're passing the baton in a family business.

What else?... Collaborations and partnerships can also give you that nudge to innovate. Sometimes two heads are better than one, you know? And let's not forget the law. New regulations can force

your hand and make you rethink how you do business. Also, expanding your market is also another topic. Whether you're going international or just branching out, you'll likely need to tweak your business model to meet new demands.

Risk-taking and an entrepreneurial spirit! Those are the fuel to the innovation fire in many SMEs. Moreover, customer feedback is like gold; it can give you insights you hadn't even thought of. And last but not least, sustainability goals are becoming more and more important. Businesses are feeling the pressure to be socially responsible, and that can lead to some pretty innovative approaches.

So, you see, it's a mix of all these factors that gets businesses, family-owned or not, to really dig deep and innovate their models. It's all about staying competitive and setting yourself up for long-term success.

Interviewer: Very interesting insides, you are giving right now! Now, what would you say are the challenges SMEs face in the realm of business model innovation?

Oliver Schwall: So, you're wondering what hurdles SMEs have to jump over when it comes to shaking up their business models? Well, let me tell you, it's not a walk in the park. First off, resources—or the lack thereof. We're talking money, people, tech; you name it. SMEs often run on tight budgets and can't just throw cash at problems. Then there's the expertise gap. You need some serious know-how to pull off a business model switch, and that's something SMEs might not have in-house. And don't get me started on resistance to change. You've got employees and even leaders who are set in their ways, and they're not always open to shaking things up. Market uncertainty, that's another big one. No one wants to take the plunge if they're not sure how the market's going to react. Time's another issue. SMEs are usually swamped with day-to-day operations, so finding

the time to focus on innovation? Easier said than done. And let's talk culture. If your company culture doesn't encourage new ideas, you're fighting an uphill battle. Funding's another headache. Investors are often wary of smaller businesses, so getting the capital for innovation can be tough.

Also the Implementation can become an issue. You're looking at revamping processes, supply chains, and tech, and that's no small feat. Competing with the big guys who've got deep pockets? That's like David versus Goliath.

But hey, it's not all doom and gloom. SMEs have got agility, flexibility, and a real knack for customer focus on their side. So, with the right resources and a bit of expertise, they can definitely make innovation happen.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) - Resource Allocation in Crises

Interviewer: How should firms allocate resources in crisis situations where a change in business model is needed? Are these better to be resources easily accessible or rather distant? And why?

Oliver Schwall: So, you're in a crisis and you've got to change your business model, like, yesterday. What do you do with your resources? Keep them close or far away? Let me tell you, in a crisis, you want those resources as close as possible. Why? Well, for starters, time is of the essence. You've got to make decisions fast, and if your resources are right there, you can hit the ground running.

And let's talk about communication. If your resources are close to the teams making the changes, you're going to have way better communication. Everyone's on the same page, and you can adapt on the fly. That's agility for you. No red tape, no bureaucratic hurdles, just quick action.

Now, focus. In a crisis, you've got to zero in on what really matters. If your resources are close to the problem, you can prioritize like a pro. And flexibility? That's key. You're going to need to experiment, tweak things here and there, and having resources at hand lets you do that without missing a beat.

Don't underestimate team morale either. When teams have what they need, and they're empowered to make changes, they're going to be way more motivated. But hey, don't just throw resources around willy-nilly. You've got to have a solid plan to make sure you're using them wisely.

So, to sum it up, keep those resources close, especially in a crisis. It'll help you act fast, communicate better, and stay flexible, all while keeping your eye on the ball. And that's how you innovate your business model when the going gets tough.

Interviewer: Could you provide examples where firms have repurposed resources into innovative products or solutions?

Oliver Schwall: Absolutely, let's dive into some real-world examples of companies that took their resources and turned them into something groundbreaking.

First up, Apple. Remember when they were just about Macs and iPods? Well, they took all that tech know-how and gave us the iPhone. I mean, talk about a game-changer. They didn't just make a better phone; they created a whole new category of products.

Then there's Tesla. They started off tinkering with electric vehicle tech, and now they're the ones to beat in the electric car market. They took their expertise in batteries and electric mobility and turned it into cars that are not just eco-friendly but also high-performing and stylish.

Amazon's another great example. They were all about selling books and stuff online, right? But they had this massive server and cloud computing capability, and they thought, "Why not make it a business?" Enter Amazon Web Services, or AWS. Now they're the big dogs in the cloud services game.

And let's not forget Netflix. They started off mailing DVDs to your doorstep. But they saw where the wind was blowing and pivoted to streaming. Now, they've pretty much changed the way we all watch TV and movies.

So, you see, these companies took what they had and turned it into something revolutionary. They looked at their resources and saw not just what they were, but what they could become. And that's the essence of innovation, isn't it?

These examples show how companies can transform resources from their core business or expertise into innovative products and solutions that create new markets or reshape existing ones. This often requires a significant investment in research and development as well as a willingness to take risks and challenge existing business models.

Interviewer: How can organizations engage their networks to mobilize external resources for business model alterations?

Oliver Schwall: Sure, let's get to the point. If you're a company looking to shake up your business model, your network is a goldmine. First off, know who's in your network. We're talking customers, suppliers, even universities and other startups. These folks can offer you resources, expertise, and tech that you might not have.

Now, don't just sit there. Go out and find partners who can help you innovate. Think about joint ventures or even buying a smaller company that's doing something cool. And hey, don't shy away from open innovation. Run contests, collaborate with research centers, and get fresh ideas from outside.

Activate your existing network, too. Share your plans and get buy-in from your business partners and stakeholders. Pool resources if you can; it's like carpooling for companies. And don't forget to tap into external experts and consultants. They can offer you insights you didn't even know you needed.

Listen to your customers as well. Their feedback can help you tweak your new business model until it's just right. And while you're at it, look into public grants and funding for innovation. Every little bit helps.

Last but not least, make sure your company culture is open to using external resources. Encourage your team to network and build relationships. The more open you are, the more flexible and competitive you'll be.

So, in a nutshell, your network isn't just a Rolodex of names. It's a toolkit for change. Use it wisely, and you'll be well on your way to innovating your business model.

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

Interviewer: What is important to consider for the choices and actions made by business owners as they adapt their business models more to sustainability innovations?

Oliver Schwall: If you're aiming to make your business more sustainable, start by assessing your environmental impact and crafting a long-term vision. Engage stakeholders like customers and employees for insights and support. Evaluate the financial and operational risks, but also look for competitive advantages. Make sure you're in line with legal requirements and focus on boosting efficiency. Invest in R&D for greener tech, communicate your efforts clearly, and set measurable goals. Lastly, cultivate a culture that's open to innovation. In short, sustainability isn't just an ethical choice; it's also a smart business strategy that requires a well-thought-out approach.

Interviewer: Could you elaborate on the impact of external factors on (sustainable) business model innovation, such as environmental conditions, barriers, and stakeholder interests?

Oliver Schwall: Very good question! When it comes to sustainable business model innovation, external factors like environmental conditions, regulations, and stakeholder interests are radical. Climate change and resource scarcity, for instance, are pushing companies to adapt and innovate for sustainability. Regulatory compliance is non-negotiable, and laws around environmental protection can necessitate business model changes. Stakeholder interests, from customers demanding greener products to investors eyeing sustainable ventures, are reshaping corporate strategies. Technological advancements offer new avenues for sustainability, while competitive pressures make innovation imperative. Resource availability, public opinion, and funding options also weigh in, affecting a company's ability to implement sustainable practices. In essence, these external factors are not just challenges but also catalysts for innovation. Companies need to closely monitor these elements, engage stakeholders, and foster a culture of sustainability to navigate these influences successfully.

Interviewer: What challenges and opportunities do you foresee in incorporating sustainability into future business models?

Oliver Schwall: Integrating sustainability into future business models is a double-edged sword, presenting both challenges and opportunities. On the challenge side, there's the initial cost of adopting sustainable technologies and practices. Resistance to change from employees and leaders can also be a hurdle, especially if existing methods are perceived as efficient. Implementing sustainable models often involves complex changes in processes and supply chains, adding another layer of difficulty. Measuring and reporting sustainable performance indicators require extra effort in data management. Plus, failing to meet sustainability goals can tarnish a company's reputation.

On the flip side, the opportunities are compelling. Sustainable models can offer a competitive edge by meeting growing customer demand for eco-friendly products. Over the long term, investing in sustainability can lead to cost savings and operational efficiency. It can also open doors to markets that prioritize sustainability, like renewable energy sectors. The push for sustainability can spark innovation, leading to new products and services. It can also mitigate risks related to environmental and social factors. Investors are increasingly interested in sustainable business models, offering avenues for green financing. Lastly, a focus on sustainability can boost employee morale, as people take pride in working for a socially responsible company.

Section 6: Adaptability, Outcomes and Future Outlook

Interviewer: How can SMEs position themselves to be more agile and adaptable in changing business landscapes?

Oliver Schwall: In a rapidly changing business environment, SMEs can stay agile and adaptable by taking several key steps. Investing in digital tech helps you react faster to changes and makes your operations more efficient. Building a flexible company culture lets your team adapt easily to new situations. Forming partnerships can be a game-changer; it allows you to pool resources and tackle challenges together.

Listening to your customers and the market is crucial. They'll tell you what they want, and you can adapt your offerings accordingly. Diversifying your business can make you more resilient to market ups and downs. Sustainability isn't just a buzzword; it's becoming a requirement for many customers and investors. Keep your team skilled and up-to-date; their adaptability is your adaptability.

Early warning systems can give you a heads-up about market changes, while a solid risk management strategy helps you prepare for those changes. Leadership needs to be as agile as the team, setting the tone for an adaptable company culture. And never stop learning; continuous improvement is the name of the game in a world that never stands still.

So, in a nutshell, being agile and adaptable isn't just one thing; it's a mix of strategy, culture, and operations.

Interviewer: What do you think are outcomes of BMI? Specifically, regarding value creation and economic viability?

Oliver Schwall: Business Model Innovation can be a game-changer for companies. It can help you stand out in a crowded market, attracting more customers and boosting loyalty. It's not just about making more money; it's also about saving costs through efficiency. Plus, it opens doors to new markets, making your business more resilient and appealing to investors. And let's not forget, it

can also pave the way for long-term sustainability. So, while it's not without challenges, the economic and value-creating benefits are significant.

Interviewer: What could be the long-term vision/mission for the evolution of a business model, particularly with respect to sustainability and adaptability?

Oliver Schwall: Sure give me a second to think about it... Well I would point it out like this:

Vision:

"Our vision is to become a market leader that creates sustainable values while demonstrating the highest levels of adaptability and resilience in an ever-changing business environment."

Mission:

"Our mission is to develop innovative business models that are both environmentally and socially sustainable while meeting the needs of our customers. We strive to continuously invest in sustainability and adaptability, making a positive contribution to society and the environment. We will constantly review and adapt our business practices and models to meet changing market conditions and ensure our long-term success."

Interviewer: Can you name at least 2 aspects firms should consider when adapting its business model towards a more sustainable approach?

Oliver Schwall: Well I would say if I have to break it down to two points, Reducing environmental impact and focusing on customer needs are two key aspects for businesses aiming for sustainability.

On one hand, companies need to assess their environmental footprint and take steps to minimize it, whether that's through energy conservation, waste reduction, or sustainable sourcing. On the other hand, understanding what customers want and offering sustainable solutions that meet those needs is crucial for market acceptance and long-term success. Switching to a more sustainable approach isn't a one-time effort; it requires a comprehensive strategy and a commitment to continuous improvement. By considering these two aspects, companies can develop business models that are both environmentally responsible and economically viable.

Transcript of Interview Edgar Kirst, Founder of Black Coffe and Entrepreneur Consultant for SMEs in Germany (Freelancer)

Introduction

Jesper Schwall (JS): Good day, Mr. Kirst. I'm Jesper Schwall, currently delving into the topic of business model innovation within the context of Small and Medium-sized Enterprises. Your extensive experience as a founder and consultant provides a valuable perspective that is of great interest to my research. With your permission, I would like to record our conversation to ensure accuracy in my documentation. May I have your consent for this?

Edgar Kirst (EK): Hello Jesper, it's a pleasure to meet an individual dedicated to such a pivotal aspect of modern business strategy. You certainly have my consent to record this interview. I'm looking forward to sharing my insights and experiences with you.

Section 1: Expertise and Background

JS: To begin, could you please share your expertise and experience in the field of Business Model Innovation?

EK: Absolutely. My journey in the realm of business model innovation spans over a decade, during which I've had the privilege of collaborating with a diverse array of SMEs throughout Germany. My consultancy work focuses on guiding these enterprises through transformative processes that not only redefine their value propositions but also reshape their operational structures and strategic outlooks. This involves a hands-on approach to re-engineering their business models to align with evolving market conditions, technological advancements, and changing consumer expectations.

Section 2: Understanding Business Model Innovation

JS: How do you define Business Model Innovation?

EK: Business Model Innovation, in my view, is a profound reconfiguration of a company's foundational components to create, deliver, and capture value in novel ways. It's about completely rethinking and adjusting the main ways the business operates and plans. This could mean changing how products are developed, how services are delivered, or how customer interactions are managed, all with the aim of carving out a new competitive space or responding to a shift in the industry landscape.

JS: What are the key components that constitute a successful business model innovation?

EK: The key components of successful business model innovation revolve around the value network, customer interface, and financial model. A robust innovation should redefine the business's activities and partnerships to enhance its value network. It should also offer a compelling and differentiated customer experience through an innovative customer interface. Lastly, the financial model must be designed to ensure sustainable revenue streams and profit mechanisms. These components are interdependent and must be cohesively aligned for the innovation to be effective.

JS: What limitations or constraints have you observed in traditional business models that necessitate innovation?

EK: Traditional business models often suffer from a lack of flexibility, which can lead to inefficiencies and a failure to capitalize on new market opportunities. They may be entrenched in legacy processes that are resistant to change, making it difficult to respond to technological disruption or shifts in consumer behavior. Additionally, such models might have a narrow focus on short-term profitability, overlooking the potential for long-term growth through innovation. These constraints highlight the need for a more dynamic approach to business structuring and strategy.

Section 3: Business Model Innovation and SMEs

JS: How critical is business model innovation for Small and Medium-sized Enterprises (SMEs)?

EK: For SMEs, business model innovation is not just critical; it's existential. In a business environment where large corporations have significant advantages in terms of resources and market reach, SMEs must leverage innovation as a strategic tool to carve out their niche. It's through

innovative business models that SMEs can differentiate themselves, target underserved markets, and respond more swiftly to customer needs than their larger counterparts. Innovation at this level is about agility, the ability to pivot, and the foresight to anticipate and lead market trends rather than follow them.

JS: What unique challenges and opportunities do SMEs face in the realm of business model innovation?

EK: SMEs often operate with limited resources, which can pose a significant challenge when attempting to innovate. However, this constraint can also serve as a catalyst for creativity, pushing SMEs to think outside the box and develop lean, unconventional strategies for value creation and delivery. Additionally, SMEs typically must have flatter organizational structures, which can facilitate quicker decision-making and a more cohesive adoption of innovative practices. The opportunity here lies in the ability of SMEs to act swiftly and decisively, turning potential challenges into competitive advantages.

JS: Can you identify key drivers and barriers for business model innovation in (family-owned) SMEs?

EK: In family-owned SMEs, the drivers for innovation often include the desire for business continuity, growth, and legacy preservation. These enterprises may be motivated to innovate to secure their market position for future generations. However, barriers such as resistance to change, especially when tradition plays a significant role in the business's identity, can impede innovation. There's also the challenge of balancing the need for professional management with family governance, which can affect the pace and direction of innovation.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) - Resource Allocation in Crises

JS: How should firms allocate resources in crisis situations where a change in business model is needed?

EK: In times of crisis, resource allocation should be strategic and agile. Firms need to identify which resources are core to their value proposition and can be repurposed quickly to meet the changing demands. It's not just about having resources that are easily accessible, but also about having resources that are versatile and can be redeployed in innovative ways. For instance, during the COVID-19 pandemic, we saw numerous SMEs reallocating their resources—such as manufacturing lines, distribution networks, and even human capital—to produce essential goods and services. This not only allowed them to survive during turbulent times but also to explore new business avenues that could be sustained post-crisis.

JS: How should firms engage with their networks to mobilize external resources for business model alterations?

EK: Firms should actively cultivate and engage with a diverse network of partners, suppliers, customers, and even competitors. In a crisis, these networks can be invaluable for sharing risk, accessing new resources, and gaining market intelligence. The key is to have pre-established relationships based on trust and mutual benefit, which can be leveraged quickly when the need

arises. For example, a firm might collaborate with a supplier to fast-track the development of a new product line or work with a partner to access new distribution channels. It's about creating an ecosystem where resources can be mobilized efficiently and effectively to support business model innovation.

JS: Could you provide examples where firms have repurposed resources into innovative products or solutions?

EK: Certainly. A notable example is a German brewery that, facing a decline in beer sales due to lockdowns, repurposed its production facilities to create hand sanitizers. They utilized their existing bottling lines and alcohol supplies, quickly responding to the market need while maintaining their operations. This not only provided a new revenue stream but also contributed to the societal need for sanitation products during the pandemic.

Section 5: BMfSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

JS: How should firms align their business models with sustainability innovations?

EK: Aligning business models with sustainability innovations requires a holistic approach. Firms must integrate sustainability into every aspect of their business, from supply chain management to product design, to customer engagement. It's about creating a business model that not only ensures

economic viability but also contributes positively to social and environmental outcomes. This involves a long-term perspective, where sustainability becomes a core driver of innovation rather than an afterthought or a marketing gimmick.

JS: What is important to consider for the choices and actions made by business owners as they adapt their business models to sustainability innovations?

EK: Business owners must consider the broader impact of their decisions, including the environmental footprint, social implications, and governance practices. They need to think beyond the immediate financial implications and evaluate the long-term sustainability of their actions. This includes assessing the life cycle of their products, the ethical implications of their supply chains, and the societal impact of their business operations. It's about making choices that are not only profitable but also responsible and forward-thinking.

JS: Could you elaborate on the impact of external factors, such as environmental conditions, barriers, and stakeholder interests, on (sustainable) business model innovation?

EK: External factors play a significant role in shaping the trajectory of sustainable business model innovation. Environmental conditions, such as climate change and resource scarcity, create a sense of urgency and a need for businesses to adapt their models to be more resilient and resource-efficient. Barriers such as regulatory constraints and market entry costs can hinder innovation, but

they can also stimulate the development of more creative and compliant solutions. Stakeholder interests, particularly those of customers and investors who are increasingly valuing sustainability, can drive businesses to prioritize sustainable practices. Firms must navigate these factors carefully, balancing the demands of various stakeholders while pursuing their sustainability goals.

JS: What challenges and opportunities do you foresee in incorporating sustainability into future business models?

EK: The challenges are manifold, ranging from the need for significant upfront investment to the complexity of measuring and reporting on sustainability outcomes. There's also the challenge of changing consumer behavior and ensuring that sustainable products meet market demands. However, the opportunities are equally significant. There's a growing market for sustainable products and services, and firms that can innovate in this area can differentiate themselves and capture new customer segments. Moreover, sustainable business practices can lead to cost savings in the long run, through improved efficiency and reduced waste. Firms that can successfully incorporate sustainability into their business models will not only be better positioned to meet future regulatory requirements but will also be seen as leaders in a more environmentally conscious market.

Section 6: Adaptability, Outcomes and Future Outlook

JS: How can SMEs position themselves to be adaptable in changing business landscapes?

EK: SMEs must cultivate a culture that embraces change and fosters innovation. This involves being vigilant and responsive to market trends, technological advancements, and shifts in consumer

preferences. They should also invest in their workforce, encouraging continuous learning and skill development to remain agile. Furthermore, SMEs should leverage digital technologies to enhance their operational flexibility and customer engagement. By doing so, they can quickly adjust their business models in response to external pressures and opportunities.

JS: What do you think are the outcomes of BMI? Specifically regarding value creation and economic viability?

EK: The outcomes of Business Model Innovation (BMI) can be profound. On the one hand, there's the potential for significant value creation, not just for the company but for customers and society at large. This can manifest in the form of new products or services, improved customer experiences, and positive social and environmental impacts. On the economic viability front, BMI can lead to new revenue streams, cost reductions, and enhanced competitive positioning. Ultimately, BMI can transform an SME from a passive market participant into an active market shaper, driving growth and ensuring long-term viability.

JS: What could be the long-term vision/mission for the evolution of a business model, particularly with respect to sustainability and adaptability?

EK: The long-term vision for any SME should be to achieve a harmonious balance between profitability and sustainability. This means developing business models that not only withstand the test of time but also contribute positively to the environment and society. The mission should involve continuous adaptation to remain relevant and resilient in the face of changing market dynamics while upholding a commitment to ethical practices and sustainable growth.

JS: Can you name at least 2 aspects firms should consider when adapting its business model towards a more sustainable approach?

EK: First, firms should consider the transparency of their operations and supply chains. There's a growing demand for businesses to be open about their practices and the sustainability of their products. Second, they should focus on the circular economy principles, designing products and systems that minimize waste and promote the reuse of resources. These aspects not only contribute to a firm's sustainability credentials but also resonate with increasingly environmentally conscious consumers and stakeholders.

Conclusion

JS: Mr. Kirst, your insights have been incredibly enlightening. I am grateful for the depth of knowledge you've shared, and I am confident that your expertise will significantly enrich my research. Thank you for your valuable time and thoughtful responses.

EK: It's been my pleasure, Jesper. I'm always happy to engage with passionate individuals like yourself who are eager to drive meaningful conversations in the business community. I wish you the best in your academic pursuits and future career. If there's anything more you need, don't hesitate to reach out.

JS: Thank you once again, Mr. Kirst. I will ensure that the insights from this interview are meticulously analyzed and utilized to further the understanding of business model innovation in SMEs. Goodbye, and I hope we have the opportunity to converse again in the future.

EK: Goodbye, Jesper. I look forward to hearing about the impact of your work. Take care.

Transcript of Interview Nelly Kasch, Venture Architect at Bridgemaker

Introduction

Jesper Schwall (JS): Good day, Ms. Karsch. I'm Jesper Schwall, and I am currently engaged in a comprehensive study of business model innovation, particularly within the SME sector. Your role as a venture architect at Bridgemaker offers a unique perspective that is highly relevant to my research. For the purposes of thorough documentation, I would like to record our discussion. Do I have your consent to do so?

Nelly Kasch (NK): Hello Jesper, it's a pleasure to meet someone so dedicated to understanding the world of business innovation. You have my full consent to record this interview. I'm looking forward to sharing my thoughts and experiences with you.

Section 1: Expertise and Background

JS: To start, could you please share your expertise and experience in the field of Business Model Innovation?

NK: Of course. My experience with business model innovation is deeply rooted in the practical application of new business ideas within the SME landscape. At Bridgemaker, we don't just theorize about potential innovations; we build and integrate them. My role involves identifying the gaps and opportunities within an SME's current model and architecting ventures that not only fill these gaps but also propel the business forward in a scalable and sustainable way.

Section 2: Understanding Business Model Innovation

JS: How do you define Business Model Innovation?

NK: I see Business Model Innovation as a strategic rework that challenges and redefines the way an SME operates and competes in the market. It's about reimagining the business's role, its

interactions with customers and suppliers, and how it generates value. This doesn't necessarily mean starting from scratch; sometimes the most effective innovations are those that pivot from the existing strengths of the business.

JS: What are the key components that constitute a successful business model innovation?

NK: In my view, successful business model innovation is underpinned by a clear understanding of the customer's evolving needs, a robust value proposition that addresses those needs, and a scalable operational model that can deliver on the promise efficiently. It also requires a revenue model that ensures profitability and a strategic alignment with the company's long-term vision.

JS: What limitations or constraints have you observed in traditional business models that necessitate innovation?

NK: Traditional business models often fall short in their ability to be dynamic. They can be too inward-looking, focusing on optimizing existing processes rather than seeking new ways to create value. They may also lack the customer-centricity required in today's market, where personalization and customer experience are becoming key differentiators.

Section 3: Business Model Innovation and SMEs

JS: How critical is business model innovation for Small and Medium-sized Enterprises (SMEs)?

NK: It's absolutely critical. In the current business climate, where change is the only constant, SMEs that fail to innovate risk obsolescence. Business model innovation is the mechanism through which SMEs can stay relevant, differentiate themselves, and grow in a sustainable manner.

JS: What unique challenges and opportunities do SMEs face in the realm of business model innovation?

NK: The challenges for SMEs often revolve around resource constraints and a hesitancy to deviate from proven methods. However, these challenges are countered by their inherent opportunities: the ability to be agile, to make quick decisions, and to implement changes without the encumbrance of large, complex organizational structures.

JS: Can you identify key drivers and barriers for business model innovation in (family-owned) SMEs?

NK: Drivers include the need to remain competitive and the desire to capitalize on new market opportunities. Barriers, particularly in family-owned SMEs, can be emotional attachments to legacy practices and a reluctance to embrace new technologies or methodologies that disrupt the status quo.

Section 4: Framework by Bivona, E., & Cruz, M. (2021) - Resource Allocation in Crises

JS: How should firms allocate resources in crisis situations where a change in business model is needed?

NK: In a crisis, the allocation of resources needs to be both strategic and responsive. Firms should focus on maintaining core operations while also freeing up resources for innovation. This often means reallocating investment from less critical areas into those that will drive the business forward. The key is to maintain a balance between the immediate needs of the business and the investment in its future.

JS: How should firms engage with their networks to mobilize external resources for business model alterations?

NK: Engagement with external networks should be proactive and strategic. Firms need to build alliances and partnerships that can offer support and resources when internal capabilities are stretched. This could mean anything from co-development agreements to strategic alliances that provide access to new technologies or markets.

JS: Could you provide examples where firms have repurposed resources into innovative products or solutions?

NK: A compelling example is a textile SME that transitioned from traditional manufacturing to producing technical fabrics for medical use. They leveraged their existing material science knowledge and repurposed their machinery, tapping into a new market while contributing to the healthcare sector.

Section 5: BMFSI Framework by Lüdeke-Freund (2019) - Sustainability Initiatives

JS: How should firms align their business models with sustainability innovations?

NK: Sustainability should be woven into the fabric of the business model, not just as an add-on but as a fundamental aspect of how the business operates. This means looking at every stage of the value chain to identify where sustainable practices can be implemented, from sourcing to production, to distribution.

JS: What is important to consider for the choices and actions made by business owners as they adapt their business models to sustainability innovations?

NK: Business owners must take a long-term view and consider the implications of sustainability on all stakeholders. This includes understanding the regulatory landscape, consumer expectations, and the potential for sustainability to drive innovation and open up new markets.

JS: Could you elaborate on the impact of external factors, such as environmental conditions, barriers, and stakeholder interests, on (sustainable) business model innovation?

NK: I would say external factors can act as both drivers and barriers to sustainable business model innovation. Environmental conditions, such as climate change, can drive the need for innovation, while regulatory barriers can limit the options available to firms. Stakeholder interests, particularly those of consumers and investors, can provide both the impetus for change and the resources needed to make it happen.

JS: What challenges and opportunities do you foresee in incorporating sustainability into future business models?

NK: The challenges include navigating a complex regulatory environment and aligning the interests of all stakeholders. However, the opportunities are vast, including the potential for cost savings through increased efficiency, the ability to attract new customers, and the potential to create entirely new markets based on sustainable practices.

Section 6: Adaptability, Outcomes and Future Outlook

JS: How can SMEs position themselves to be adaptable in changing business landscapes?

NK: SMEs need to build adaptability into their DNA. This means developing a culture that encourages experimentation and learning from failure. It also means investing in technology and systems that provide the flexibility to change course quickly when necessary.

JS: What do you think are the outcomes of BMI? Specifically regarding value creation and economic viability?

NK: The outcomes of BMI should be a more robust and resilient business that is better positioned to create value for its customers and stakeholders. Economically, BMI can lead to increased revenues, reduced costs, and a stronger competitive position in the marketplace.

JS: What could be the long-term vision/mission for the evolution of a business model, particularly with respect to sustainability and adaptability?

NK: The long-term vision should be to create a business that is not only economically successful but also plays a positive role in society and the environment. The mission should be to continuously evolve the business model to meet the changing needs of the market while maintaining a commitment to sustainable and ethical practices.

JS: Can you name at least 2 aspects firms should consider when adapting its business model towards a more sustainable approach?

NK: Firms should consider the full lifecycle impact of their products and services, looking for ways to minimize their environmental footprint. They should also consider the social impact of their business, ensuring that they are contributing positively to the communities in which they operate.

Conclusion

JS: Ms. Karsch, your perspectives have been incredibly insightful and will undoubtedly add a rich layer of understanding to my research. Thank you for sharing your time and expertise with me.

NK: It was my pleasure, Jesper. I'm always happy to engage in discussions that push the boundaries of traditional business thinking. Best of luck with your research, and I look forward to seeing the outcomes of your work.

JS: Thank you once again, Ms. Karsch. I will ensure that the insights from this interview are thoughtfully considered and applied within the broader context of my study. Goodbye, and I hope to discuss these fascinating topics with you again.

NK: Goodbye, Jesper. I'm sure your research will make a valuable contribution to the field. Take care.